

Austria	1000	Iran	1000	Malta	1000	Pakistan	1000	Portugal	1000
Bahrain	1000	Iraq	1000	Malta	1000	Philippines	1000	Portugal	1000
Belarus	1000	Japan	1000	Malta	1000	Poland	1000	Portugal	1000
Belgium	1000	Kenya	1000	Malta	1000	Portugal	1000	Portugal	1000
Bulgaria	1000	Jordan	1000	Malta	1000	Portugal	1000	Portugal	1000
Croatia	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Cyprus	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Czechoslovakia	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Egypt	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Finland	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
France	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Germany	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Greece	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Hungary	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Iceland	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Ireland	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Italy	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Japan	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Latvia	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Malta	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Montenegro	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
North Macedonia	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Poland	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Portugal	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Russia	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Slovenia	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Spain	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Ukraine	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000
Yugoslavia	1000	Kuwait	1000	Malta	1000	Portugal	1000	Portugal	1000



World News

Gorbachev warns force 'will be used against Iraq'

Military force will be used against Iraq if necessary, President Mikhail Gorbachev of the Soviet Union said, and he warned Baghdad not to test the world's resolve to expel it from Kuwait.

He is the first foreign yet during the Gulf crisis to follow talks on Monday with Iraqi Arab Iraqi foreign minister.

Mr Gorbachev said talks with his formerly ally had been "difficult; I would even say harsh".

Page 22; Editorial Comment, Page 20

Wałęsa urges unity

Lech Wałęsa, the Polish Solidarnosc leader, urged prime minister Tadeusz Mazowiecki to withdraw his resignation and help calm the country's crisis.

Page 22

Lebanon clashes

Five Israeli soldiers and eight Palestinian guerrillas were killed in a clash inside the border security zone Israel occupies in south Lebanon.

Page 9

Violence in Dhaka

Bangladesh declared a state of emergency after political violence rocked the capital Dhaka at the height of an opposition campaign to topple President Hossain Mohammad Ershad.

Page 22

S Africans killed

At least 20 South Africans were killed in political violence, mostly in renewed fighting between Zulu and Xhosa residents of a squatter camp near Johannesburg.

Page 22

Hijacked in Tokyo

Five Japanese radicals fought 5,000 riot police for 16 hours with petrol bombs and a home-made flamethrower from a barricaded building near Tokyo's Narita international airport, police said.

Page 22

US visit by China

Chinese foreign minister Qian Qichen is to make an official visit to the US this week, the first senior figure from Beijing to be accepted since its crackdown on pro-democracy protests last year.

Page 22

Iraqi boat fired on

US and Spanish warships fired warning shots to stop an Iraqi freighter in the Red Sea, the French Navy said.

Page 22

Gabon forms cabinet

Gabon announced a new multi-party cabinet following President Omar Bongo's offer to form a government of national unity after 22 years of one-party rule.

Page 24

Singapore names PM

Singapore's deputy prime minister Goh Chok Tong was formally asked to form a new government after prime minister Lee Kuan Yew submitted his resignation on Monday after 31 years in office.

Page 22

Serbian concessions

Opposition parties in the Yugoslav republic of Serbia yesterday reversed their decision to boycott the first multi-party elections in 80 years after forcing concessions from the ruling communists.

Page 22

Nice strike ends

Staff at Nice airport, France's largest regional airport, ended a 12-day strike to protest against Air France's decision to scrap seven international routes from the city.

Page 22

Spy chief sacked

Head of Czechoslovakia's reformed intelligence service was sacked by the nuclear minister.

Page 22

Bastion breached

Switzerland's federal court has told the men of the canton of Appenzell Innerrhoden that they must bow to progress and grant their womenfolk a local vote, finally breaching Europe's last bastion of all-male suffrage.

Page 27

FT Law Reports

Ships officers' severance pay claim fails.

Page 13

Management talents

Women rewrite the rat race rules.

Page 14

Free market versus interventionism

The task for Mr Major: Resolution on Iraq.

Page 20

Splitting from the UK

The Scots who want to go alone.

Page 21

Law Leadership battle

Allied Lyons; Northern Foods; Rosehaugh; Argyle Group.

Page 22

The Community

Cross-selling fails to motivate the salesforce.

Page 24

Business Summary**Toyota set to spend \$800m and double US output**

Toyota is to spend \$800m to double the capacity of its US car assembly plant in Kentucky to 400,000 a year. The announcement comes against the background of an already weak US car market and shrinking profits for General Motors, Chrysler and Ford.

Page 22

GLASSKIRCH, Europe's third biggest flat glass producer, announced that it had made a major investment in Sklo Union, state-owned Czech glass company.

Page 23

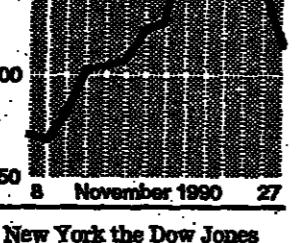
MARKETS

In Germany the DAX index closed another 27.90 lower at 1,415.26, for a three-day fall of 50.84, or 3.4 per cent and volume stayed sluggish.

Page 23

Germany

DAX index



Page 27

Finance

Guinness Peckover, UK property development group, announced a pre-tax loss of £165.5m (£324m) for the year ended June 30.

Page 23

EASTERN Airlines

Eastern Airlines, ailing US carrier already in bankruptcy proceedings, asked the courts to release a further \$120m in order to keep it operating through the first quarter of 1991.

Page 22

United Distillers

Guinness Peckover, UK spirits company, is to buy a 67.5 per cent stake in Asbach, producer of Germany's best-selling premium brandy. The price is understood to be around £100m (£185m).

Page 23

NORTHERN Feather

Danish company whose collapse has shaken the Danish business world, will probably show negative equity capital when the accounts have been completed, receivers warned.

Page 24

BRENT Walker

UK leisure and property company which is struggling with a £1.4bn (£2.7bn) debt mountain, failed to complete a crucial £103.3m bond issue on time.

Page 23

COLES MYER

Australian retail chain, forecast improved profits for this year provided trading during December is satisfactory.

Page 25

US GOVERNMENT

bond prices at the long and recovered from overnight and early session weakness to end higher at mid-day.

Page 26

DUN & Bradstreet</b

EUROPEAN NEWS

UN economic commission calls on west to provide short-term financial relief

E Europe's industrial output down 18%

By William Dulforce in Geneva

INDUSTRIAL production in eastern Europe during the first nine months of the year was more than 18 per cent lower than in the corresponding period of 1989, according to the secretariat of the United Nations Economic Commission for Europe (ECE). Declines varied between 4 per cent in Czechoslovakia and 27 per cent in Poland.

For 1990 as a whole the secretariat's latest bulletin forecasts an average slide of 20 per cent in industrial output and one of 11 per cent in net material product (aggregate net value added in the sphere of goods, the standard measure of output) in eastern Europe.

The ECE calls on western governments and international institutions to give "immediate attention to short-term financial relief for the countries of the region and to decide how they can better coordinate the present multiplicity of western aid programmes."

It warns that, with the people of eastern Europe and the Soviet Union facing their hardest winter since the end of the war, the reform process could fail with "incalculable" consequences.

The grim picture of economic developments in the first nine months includes an average 20 per cent collapse in fixed investment in eastern Europe and a 12 per cent decline in the Soviet Union.

Inflation is high and accelerating throughout the region with double-digit annual rates in most countries, all countries. Rough but conservative estimates put the number of registered unemployed at 2.5m in eastern Europe, with a further 2m in the Soviet Union. In Poland alone the number has climbed from 50,000 in January to more than 1m in October.

The ECE secretariat distinguishes two groups of countries. In Poland, Hungary, Czechoslovakia and the former East Germany, the slump reflects the impact of stabilisation policies and efforts to speed economic change. But the problems of these countries have been exacerbated by a "multiple energy shock" and by the breakdown of Comecon.

In the Soviet Union, Bulgaria and Romania the deteriorating situation reflects a "collapse of central control and a failure to



Ashley Ashwood

Gloomy outlook for eastern Europe's industry as further production cuts are forecast

embark on an effective reform programme".

The ECE highlights the oil shock to which the east Europeans are being exposed by the decision of the Soviet Union, which supplies some 80 per cent of their oil needs, to con-

duct trade with them from January at world prices and in convertible currency.

In 1989 the transferable ruble price the east Europeans paid for their oil was equivalent to \$7.48 a barrel, the ECE calculates. An increase from

\$7.50 to \$18, the world market price before the Gulf crisis, would have in itself been proportionately larger than the price increase western economies have had to face since the crisis began.

Following the collapse of

Comecon trade, Czechoslovakia, Hungary and Poland have had limited success in finding new outlets in the west for their products. Hungary managed to offset about a third of the fall in its Comecon exports by boosting its exports to the west in the first half of 1990. Helped by a large devaluation of the zloty, Poland's westwards exports grew by 24 per cent in volume.

However, against an average increase in volume of around 5 per cent in exports to the west for eastern Europe as a whole, imports increased sharply by 20 per cent in the first half. The trade balance with the west swung into deficit for the first time since the early 1980s.

The current account deficits of eastern Europe and even more of the Soviet Union have worsened this year at the same time as the cost of new credit has increased, with western commercial banks becoming more cautious in their lending. Most countries have had to draw on their official reserves.

E Germans cut Soviet imports

THE FORMER East Germany has reduced its imports from the Soviet Union by about 40 per cent since German currency union according to the Bonn Economics Ministry, writes David Godhart in Berlin.

Exports from east Germany to the Soviet Union - about 40 per cent of the former country's export trade - have held up since July, however, as Soviet companies rush to buy investment goods from their old east German partners before the introduction of hard currency trade throughout the former Comecon bloc next year.

Hard currency trade will hit east German exports too but yesterday Mr Helmut Hausemann, the Bonn economics minister, told a news conference that east German-based com-

panies could expect generous backing from Hermes, the export credit guarantee company, for Soviet trade.

This amounts to a relaxation of the Government's previous opposition to subsidising east bloc trade.

• The financial needs of the newly liberated countries of east Europe are tremendous, possibly as much as Ecu1,000bn (270bn), according to Mr Jacques Attali, president designate of the European Bank for Reconstruction and Development, writes David Lascelles, Banking Editor.

He told the annual session of the North Atlantic Assembly in London yesterday that failure by the west to aid these countries in their transition to democracy "would be dangerous for the whole world".

Brussels blocks nappy tie-up

By Lucy Kellaway in Brussels

THE EUROPEAN Commission has intervened to prevent what it fears could be a near monopoly in disposable nappies in certain parts of the Community.

Its action means that Procter & Gamble, the US health products company, will have to delay plans for a joint venture with Finaf, the big Italian nappy-maker.

The Commission fears that the effects of the deal would be anti-competitive and illegal under Articles 85 and 86 of the Treaty of Rome.

The arrangement between the two companies, which was struck in September, would have given Procter & Gamble's Pampers and Finaf's Lines a near monopoly of the Italian market.

The joint venture has alarmed Pampers, the French nappy-maker, which fears that its strong position could be threatened by the merger, and has complained to the Commission.

The deal between the two companies would consist in setting up a nappy joint venture in Italy, Spain and Portugal and would also involve the acquisition by Procter & Gamble of Finaf's subsidiary in the United Kingdom.

The market for disposable nappies in Europe is showing strong growth, and is already dominated by a small number of companies.

The announcement of the deal between the two companies was made just before the EC's new merger regulation - which allows the Commission to take action over certain anti-competitive joint ventures - came into effect.

Commission spokesman said yesterday that the inquiry would take place under the Treaty of Rome's competition rules.

The deal will remain suspended until a satisfactory agreement has been reached between the Commission and the two giant nappy-makers that will safeguard competition in the market.

Serbian poll saved after opposition wins concessions

By Laura Silber in Belgrade

OPPOSITION parties in the Yugoslav republic of Serbia yesterday reversed their decision to boycott the first multi-party elections in 50 years after forcing concessions from the ruling communists.

More than 30 anti-communist parties said last week they were pulling out of the elections after the Serbian parliament, dominated by five communists (renamed socialists), refused to let opposition representatives take part in votes December 9.

The opposition had expressed fears that the communists would try and rig the voting.

Faced with the boycott, the parliament of Yugoslavia's largest republic agreed on Monday to amend the electoral law to allow opposition nominees onto electoral commissions.

However, parties representing 2m ethnic Albanians in Kosovo, which was forcibly integrated into the republic of Serbia, are continuing to boycott the election. Mr Veton Surro, an Albanian opposition leader, said: "We will not participate in Salvadoran-style elections, under this virtual

state of emergency". The election is turning out to be a close-run race between Mr Slobodan Milosevic, the president of Serbia, and Mr Vuk Draskovic, an arch nationalist who rose to power three years ago. He won great popularity among Serbs taking away autonomy from Kosovo.

However, his popularity has slumped since he won 104 per cent of the vote in a one-party election in November last year.

Mr Draskovic, head of the Party for Serbian Renewal, has combined Serbian nationalism with anti-communism.

In doing so, he has forced Mr Milosevic to present himself as the candidate of moderation and the status quo.

On a rare public appearance last Friday, Mr Milosevic warned that an opposition victory would mean bloodshed. The threat has fuelled fears that the army will intervene if the communists are defeated in the event of a coup.

From within the ranks of the army, about 50 generals and Mrs Mirjana Markovic, wife of Mr Milosevic, founded a political party which could act as the army's political front in the event of a coup.

The Financial Times (Group) Ltd

President: Sir Michael Rake, Financial Times (Group) Ltd, Frankfurt Branch, Goethestrasse 54, 6000 Frankfurt am Main; Tel: 069-73980; Fax: 069-722677; Telex: 416193 represented by E. Major, Financial Times (Group) Ltd, Secretary of Board of Directors, R.A.P. McCann, G.T.S. Danner, A.C. Miller, D.E.P. Palmer, London: Frankfurter Sonderdrucke/Druckerei Goethe, Frankfurt am Main; Tel: 069-73980; Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1990.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: D.E.P. Palmer, Mark Shand, Michael Rake, Sir Michael Rake, The Financial News Ltd, London. Published: Director: B. Hopkins, 168 Rue de Rivoli, 75044 Paris Cedex 01; Tel: (33) 427 0621; Fax: (33) 427 0623. Editor: Sir Geoffrey Owen. Financial Times (Scandinavia) Ltd, Box 500, 59100 Espoo, Cedex 1. ISSN: 1145-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Oesterreich 44, D-1100 Copenhagen-K, Denmark. Telephones (33) 1 44 41. Fax: (33) 93333.

THE CITROËN XM. CAR OF THE



CAR OF THE YEAR
1990

THE CITROËN XM RANGE SPANS 10 MODELS FROM THE XM 2.0 (£15,190) UP TO THE XM V6 24 VALVE (£26,910). FOR FURTHER INFORMATION FREEPHONE 0800 262262. OR WRITE TO DEPT FM100, CITROËN, FREEPOST, LONDON N4 1BR.

JYV10105

Soviet duo near and yet so far apart

By Leyla Bouhou in Moscow

PRESIDENT Mikhail Gorbachev yesterday sat alone in a balcony flanked by a Soviet flag yesterday, looking down as Mr Boris Yeltsin, the Russian leader, went into battle against conservatives in the parliament below.

The extraordinary scene at the specially convened Russian Congress of People's Deputies summed up just how far apart the country's two most powerful leaders are despite the fact that they share each other's ally.

Mr Yeltsin opened the session with an appeal for deputies to approve sweeping land reform in order to feed the 147m-strong Russian Federation, the biggest Soviet republic.

"There can be no real democracy and real freedom when shop shelves are empty and there are ration cards and coupons," he said.

If approved by the congress, the land reform would allow peasants to acquire land for the first time since private ownership was crushed by collectivisation in the 1930s.

He also rejected Mr Gorbachev's references to a "political struggle" between them.

"Russia learned from experience that political struggle has no future and is very expensive," he said.

But no sooner had Mr Yeltsin finished speaking than hardline Communists began insisting that the congress tackle other issues, in particular Mr Gorbachev's proposed union treaty.

It must have been a pleasant



Russian president, Mr Boris Yeltsin, addresses yesterday's special congress

reversal of roles for Mr Gorbachev, who has often been attacked over the past few months by both radicals such as Mr Yeltsin and conservatives such as Mr Ivan Polozikov, who spearheaded yesterday's opposition to the land reform project.

"There can be no real agrarian or economic reform without reviving the question of Russia and the union," said Mr Polozikov, head of the new Russian Communist Party.

Mr Gorbachev, who is by far the country's most popular politician, countered that the treaty was not ripe for a decision by the congress.

But he was forced into a tactical retreat by the large number of conservatives in the hall, when he proposed that

the treaty become the subject of "an exchange of views" during the two-week congress.

Mr Gorbachev presented the draft treaty to the country on Friday, saying he was sure that all republics would end up signing it.

But Mr Yeltsin does not want to sign the treaty until he has agreed with the Kremlin on how to share out both power and resources on Russian territory.

Mr Gorbachev, who strolled around the lobby during the lunch-break with barely a bodyguard in sight, told reporters that negotiations with Russia would be "the most painful".

He said the union as it had existed for 70 years was badly in need of reform.

Italy joins agreement to relax frontiers

By Ian Davidson in Paris

ITALY yesterday became the sixth European Community member to sign the Schengen agreement, which will permit the abolition of all internal frontier controls preventing the movement of people after 1992.

In addition, Spain and Portugal yesterday joined the Schengen system as observers, with the clear intention that they should eventually become full members.

The Schengen agreement of 1985, and the implementing convention signed last June, provide for the suppression of frontier controls in exchange for extensive co-operation on visa, immigration, asylum and police policy.

The five original signatories were France, Germany, the three Benelux countries.

Mrs Elisabeth Guigou, the French European affairs minister, hoped the Italian accession would be a prelude to an agreement between all 12 member states.

However, Britain has made clear that it opposes the removal of border controls within the EC, and intends to maintain its own controls for the purpose of controlling immigration.

The Schengen system has been designed to ensure that the member states can move without risk to a single market for the free movement of people.

The move would thus parallel the single market for the free movement of goods, under the Community's 1992 programme.

To prevent the spread of criminality or clandestine immigration between member states, there has been an agreement to adopt a common visa and asylum policy, to share crime data, and to permit police pursuit of criminals across frontiers.

At yesterday's meeting, the six member states discussed a German request for the joint abolition of short-term visas for visitors from Poland.

Mrs Guigou indicated that the whole Community would be affected by such a move, which ought preferably to be decided by the 12.

EC urged to help eastern Europe's economic growth

By John Wyles and Sari Gilbert in Rome

THE European Community's plan to negotiate special association agreements with Poland, Hungary and Czechoslovakia is "incomplete" and needs the addition of an institutional framework, Mr Renato Ruggiero, Italy's minister for foreign trade, said here yesterday.

However, Mr Horst Krenzler, director general of the European Commission's external relations directorate, said negotiations with Poland, Hungary and Czechoslovakia should begin before the end of the year. But future membership of the EC is not the ultimate objective of the agreements to be reached, he said.

In a speech read in his absence, Mr Sergio Pininfarina, president of Pininfarina SpA and Confindustria, said that although the economic situation was unlikely to improve in the immediate period, the process of change in central and eastern Europe was "irreversible" and that Italy was in a good position to expand its presence in eastern European markets and take advantage of the new opportunities there.

The final address to the conference was made by Mr Franco Nobili, chairman of IRI, who spoke of the challenge eastern Europe posed to the west and to Italy.

He said that Italy has long been an important trade partner for eastern Europe. The new credits and the recent establishment of Simest, an agency designed to encourage co-operation among medium-sized Italian and east European companies, will provide enterprises with new opportunities.

Mr Nobili warned, however, that so far Italian industry had failed to co-ordinate attempts to penetrate the new markets.

But the real challenge for Italy would be to find the necessary resources for expansion at a time when the Italian public sector deficit was equal to 10 per cent of gross domestic product while the public debt equalled GDP in size.

Other disadvantages were the meagre investments in research, which meant Italy had little technology to offer its new eastern partners.

The large trade deficit vis à vis the Soviet Union is also a problem. But several factors were working in Italy's favour, namely its expertise in innovative productive processes, and the fact that Italy's principal competitor in the area, Germany, is involved in the reunification process.

Airbus joins the legal proceedings over crash

By Paul Betts, Aerospace Correspondent, in London

AIRBUS INDUSTRIE is joining in the French criminal proceedings over the crash of an Airbus A320 two years ago at an air show in eastern France.

Magistrates are considering whether to charge the two pilots and other officials involved with manslaughter. Three people died in the crash.

An official inquiry blamed the crash on the pilots for flying too low and concluded there was nothing wrong with the A320.

However, Airbus says it has been the victim of an "orchestra-

Pöhl warns against G7 action on dollar

By William Dawkins in Paris

THE GERMAN Bundesbank yesterday delivered a rebuff to calls by Mr Pierre Bérégovoy, the finance minister, that the Group of Seven leading industrialised countries try to half the dollar's plunge.

It was better to handle exchange rate co-ordination privately, rather than resorting to political declarations, Mr Karl-Otto Pöhl, the Bundesbank president, told the *Figaro* newspaper. "It does us no service to talk publicly of these problems. We are in contact with our US colleagues without

need for spectacular meetings for our co-ordination," he said.

The tone, as much as the content, of Mr Pöhl's words is likely to irritate a French government which was yesterday keeping to its position that a G7 meeting was necessary. The French are also keen to provide a balance to the Bundesbank's dominance of European monetary policies.

Foreign exchange markets had "reacted naturally" to the fact that "the US is on the edge of a recession, while Germany is having a boom," he said.

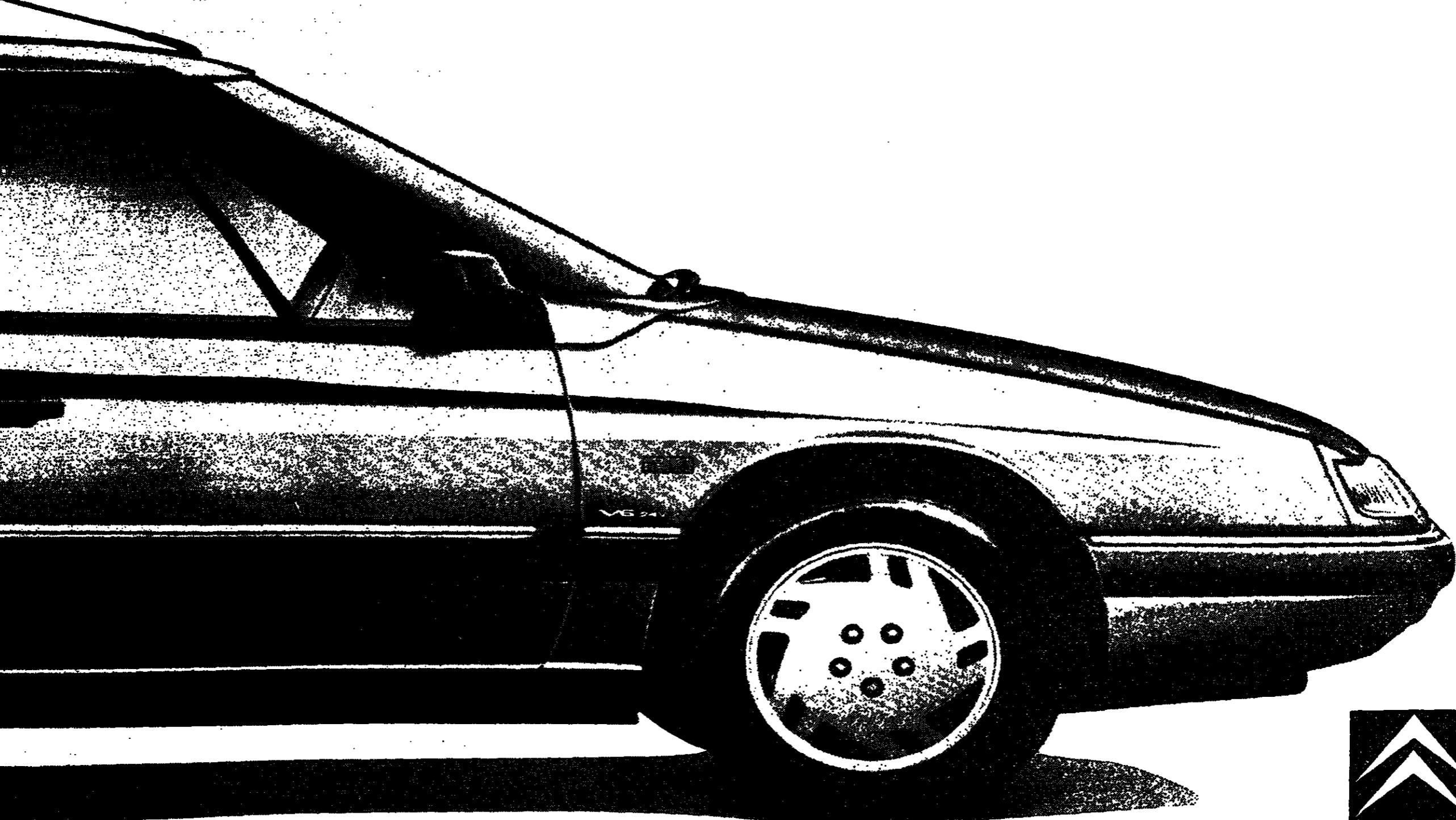
Foreign exchange markets

had "reacted naturally" to the fact that "the US is on the edge of a recession, while Germany is having a boom," he said.

Foreign exchange markets

had "reacted naturally" to the fact that "the US is on the edge of a recession, while Germany is having a boom," he said.

THE YEAR. NOW WITH 24 VALVES.



WORLD TRADE NEWS

Declared stances must be dropped to win trade pact, says Dunkel

By William Dullforce in Geneva

THE FAR-REACHING liberalisation of world trade, under negotiations for four years, depends on governments abandoning their declared positions, Mr Arthur Dunkel, Gatt Director-General, said yesterday.

World trade ministers had to find a way out of the crisis, into which Gatt's Uruguay Round has fallen, in the "first hours, first days" of their scheduled five-day meeting in Brussels, starting on Monday, Mr Dunkel added.

His call underlines the fragility of hopes for a breakthrough

in agriculture in the "first hours, first days" next week. He was presenting the 300-page final document, endorsed by 21 potential agreements, to be tabled in Brussels. It contains no results on farm trade reform, trade-related investments and anti-dumping moves. All the draft agreements in the other 18 sectors are specified with options from which ministers must choose.

On breadth of the areas covered and high quality of the work achieved, the final document had no precedent in trade negotiations, Mr Dunkel said.

But the ministers had swiftly to unlock impasses in crucial areas such as farm trade, services and textiles. Mr Dunkel did not name the governments which must change policies, but was clearly referring chiefly to the EC in agriculture and to the US in services.

In place of an agreement on farm reform, the final document includes nine questions which Mr Dunkel has posed to the trade ministers for discussion, and a way of stopping the talks "continuing to run in circles".

The document summarises

the farm reform offers submitted by 17 participants and reprints the draft text of an agreement drawn up by Mr Andre de Zeeuw, chairman of the farm negotiating group.

Leaders of the G-7 industrial powers agreed in July that the de Zeeuw text should be used "as a means to intensify the negotiations".

Mr Dunkel's questions aim first at compelling ministers to agree a standstill on farm assistance and to determine the bases for cuts in internal supports to farmers. He then calls for explicit answers to the

two most controversial questions, whether separate commitments have to be made to reduce border protection and export subsidies.

So far, the EC has seen changes in these two areas as emerging from its offer to cut by 30 per cent its internal supports for primary commodities. The US and the 14 farm-exporting nations of the Cairns Group have stood firm for explicit commitments to cuts in all three areas, including cuts of 90 per cent in export subsidies and 75 per cent in border barriers. EC trade and

farm ministers will hold a council on Sunday evening but reports from Paris say, are unlikely to agree any change in the EC's position then.

Mr Louis Mermaz, France's agriculture minister, on Monday encouraged farmers to stage a huge demonstration in Brussels. This could help the EC fend off calls for deep cuts in farm subsidies, he said.

On services, the second most controversial issue in the round, the final document asks world trade ministers to settle the crucial question of whether Gatt's most-favoured-nation

(MFN) role is to be included as an overall obligation in a General Agreement on Trade in Services (Gats).

Under MFN, a government must extend to all other countries benefits extended to one. The US put the services talks into deadlock by insisting that governments should retain the power to decide whether or not to extend benefits negotiated with one country to others. The draft Gatt omits financial services. The content of a financial services annex depends on how the MFN issue is settled, the document says.

Italians may buy German companies

LEADERS of Italian public and private industries, with Mr Renato Ruggiero, foreign trade minister, fly to Berlin today to examine buying companies under Germany's privatisation programme. John Wyles reports from Rome.

The 60-strong mission follows an appeal by Chancellor Helmut Kohl for Italian involvement. Mr Ruggiero said grants of up to 25 per cent of the purchase price and 6 per cent loans were attractive incentives.

Volvo drops US plan
VOLVO of Sweden has decided not to share in US General Electric's \$1.5bn (\$760m) programme to develop a new large thrust commercial jet engine, the GE90, Paul Bett reports.

Sneakers of France, Fiat of Italy and IHI of Japan have all agreed to join GE in developing the engine to equip the new generation of wide-body aircraft. Volvo had decided to pull out of the talks because it could not commit itself at this stage to another aero-engine programme.

Belgian credits move
Belgium is considering plans to put its export guarantee arm, the Office National du Développement (OND), on a sounder financial footing. David Buchan reports from Brussels.

The OND has had to borrow on the capital markets to cover bad export risks in

industrialised countries and now has barely enough premium income from insurance premiums and debt repayments to service its BFr17bn (\$2.85bn) debt. The government is considering "buying" out the bulk of this debt with a 30-year, fixed interest rate loan of BFr12bn. Some of this will be forgiven.

EC 'dumping' check

THE European Commission is to investigate alleged dumping of silicon metal in the EC by Brazilian producers. Lucy Kellaway reports from Brussels.

The investigation follows a complaint from EC steel alloy makers alleging imports from Brazil have grown sevenfold between 1988 and 1989.

Australia softens attack on EC over Uruguay Round

AUSTRALIA yesterday toned down its criticism of the EC's approach to the Uruguay Round of trade talks, and indicated a compromise between the EC and the Cairns Group of 14 agricultural producers might still be possible. Kevin Brown writes from Sydney.

Mr Neil Blewett, Australia's trade negotiations minister and chairman of the Cairns Group's trade ministers, repeated warnings that the round could fail without agreement on agriculture.

Several weeks might be needed for further talks with the EC after next week's Brussels ministerial meeting.

His comments mark a change in the Australian approach. The Cairns Group has proposed a 75 per cent cut over 10 years in farm-producer subsidies and protective tariffs, and a 90 per cent cut in export support payments over the same period. The US has tabled

internal subsidies and export

support payments, the issues at the heart of the dispute.

"We are prepared to be flexible. But we expect the same flexibility from the Europeans. We recognise we have to try to pursue a compromise, but a compromise is not one group moving from their position simply to accept the position of another."

Several weeks might be needed for further talks with the EC after next week's Brussels ministerial meeting.

His comments mark a change in the Australian approach. The Cairns Group has proposed a 75 per cent cut over 10 years in farm-producer subsidies and protective tariffs, and a 90 per cent cut in export support payments over the same period. The US has tabled

internal subsidies and export

support payments, the issues at the heart of the dispute.

The growing imbalance in the \$13.5bn OECD telecoms equipment export market "needs to be a major topic of discussion". Japan's share of the OECD equipment market doubled to 34 per cent for 1980-1987, while the EC's share fell from 53 per cent to 39 per cent. British Telecom had the highest net profit margins of any operator in the OECD two years ago. France Telecom had the lowest.

"*Communications Outlook 1990: OECD*, 3 rue André-Pascal, 75775 Paris Cedex 16.

TRADE ministers from the US, Canada and Mexico are setting up a trilateral meeting during next week's Uruguay Round meeting in Brussels to give new impetus to talks on a North American free trade pact. Bernard Simon reports from Toronto.

A Canadian trade official said yesterday the ministers would review work done by officials of the three countries over the past two months in laying out a framework for substantive negotiations towards a trilateral agreement.

The formal talks are expected

to get under way next spring.

Ottawa is pressing ahead with the negotiations, despite considerable domestic opposition. The government believes a trilateral agreement can be achieved by the end of 1991.

Canada's two-way trade with Mexico totalled C\$2.3bn (\$1bn) last year, equal to over 1 per cent of its trade with the US.

Motor vehicle components are the biggest item in both directions, and Canadian unions are especially concerned about the future of Canada's relatively high-cost motor industry under a free trade arrangement.

'Progress uneven' in loosening telecom monopolies' grip

INDUSTRIALISED countries have made uneven progress in loosening the grip of national telecommunications monopolies, an Organisation for Economic Co-operation and Development (OECD) report warns today. William Dawkins reports from Paris.

The study, for a meeting of officials from the OECD's 24 member countries to discuss telecoms policies, starting today, is satisfied that "competition, once the exception in telecommunications, is quickly becoming the norm." Yet market distortions still exist to the cost of consumers and suppli-

ers seeking to break into smaller or less liberal countries.

The OECD finds "little justification for the wide range" in phone charges between different countries; it says the system for setting international call rates unfairly penalises operators with low charges, telecoms authorities sometimes publish misleading advertising on the quality of services, and "considerable scope for reform" of type approval procedures exists.

Generally, phone calls are cheaper in northern than southern Europe. Internal busi-

ness calls in Turkey cost 10 times as much as in Iceland. On average, German charges are twice those in Denmark, Sweden and Finland. "High charges... are more than just an inconvenience; they can seriously damage competitiveness of firms and constrain social interaction."

The study disapproves of the present system for setting international rates. This penalises countries which generate more outgoing than incoming calls, so amplifying telecoms trade imbalances, and this will get worse unless a fairer system can be devised. It will be

discussed in the current Uruguay Round, which will try to set Gatt rules for telecoms, assuming the farming impasse

have been stagnant in smaller OECD countries.

The growing imbalance in the \$13.5bn OECD telecoms equipment export market "needs to be a major topic of discussion". Japan's share of the OECD equipment market doubled to 34 per cent for 1980-1987, while the EC's share fell from 53 per cent to 39 per cent. British Telecom had the highest net profit margins of any operator in the OECD two years ago. France Telecom had the lowest.

"*Communications Outlook 1990: OECD*, 3 rue André-Pascal, 75775 Paris Cedex 16.

Fresh drive for talks on N America free trade pact

TRADE ministers from the US, Canada and Mexico are setting up a trilateral meeting during next week's Uruguay Round meeting in Brussels to give new impetus to talks on a North American free trade pact. Bernard Simon reports from Toronto.

A Canadian trade official said yesterday the ministers would review work done by officials of the three countries over the past two months in laying out a framework for substantive negotiations towards a trilateral agreement.

The formal talks are expected

to get under way next spring.

Ottawa is pressing ahead with the negotiations, despite considerable domestic opposition. The government believes a trilateral agreement can be achieved by the end of 1991.

Canada's two-way trade with Mexico totalled C\$2.3bn (\$1bn) last year, equal to over 1 per cent of its trade with the US.

Motor vehicle components are the biggest item in both directions, and Canadian unions are especially concerned about the future of Canada's relatively high-cost motor industry under a free trade arrangement.

The New MD-11 Makes Two Types Of People Significantly More Comfortable.



Passengers.

You'll find the cabin of the new MD-11 wider, to allow more room for seating and aisles. And higher, for more headroom. Together, they create a new feeling of spaciousness. Plus windows are larger, for more light. Cabin airflow is maximized. And noise levels are minimized.

Everywhere you look, you'll find comfort touches—from increased overhead

storage for carryons, to improved lighting. We even gave the MD-11 the capability to have a TV monitor at every seat.

The MD-11 has the most advanced flight deck in commercial aviation. With flight management systems that offer maximum performance and ease of operation for the cockpit crew. To reduce the pilot work load even further, the automated flight con-



And Pilots.

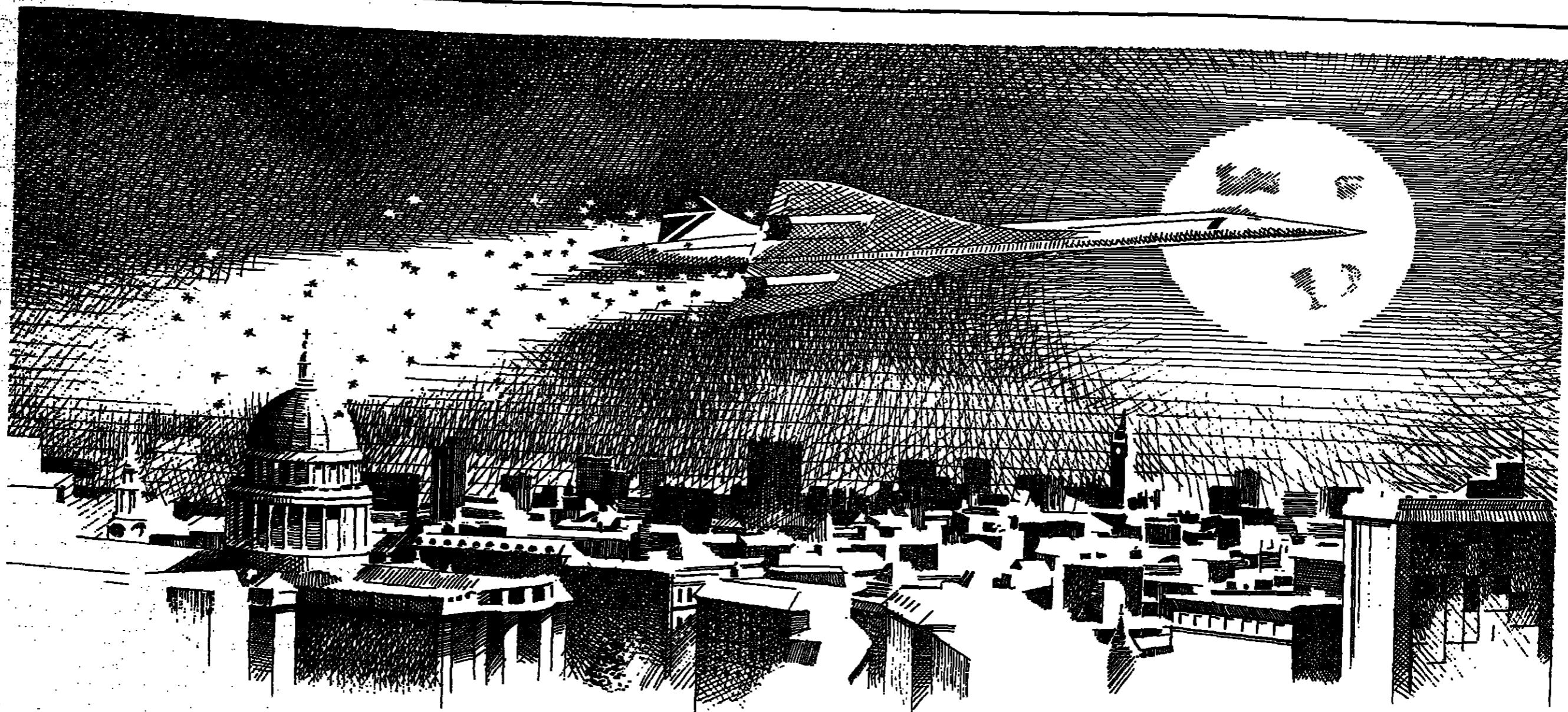
trol system utilizes the latest digital aviation electronics, displayed on video monitors. "Winglets" at each wingtip, developed in cooperation with NASA, reduce drag and increase performance and fuel efficiency. The result: The MD-11 is an extremely long-range airliner that can overfly today's congested hubs. Including long, over-water flights where its third engine adds an extra degree of comfort.

The New MD-11.
Comfort On A Higher Plane.
MCDONNELL DOUGLAS



Look Who's Already On Board.

Joyce Colicos



Of course
Santa Claus exists.
It's the trip on
Concorde to
Lapland you'll find
hard to believe.

Take any British Airways intercontinental flight, returning before December 13th, and you could enter a competition to win four of the one thousand Concorde trips to Lapland, and visit Santa Claus this Christmas. It's absolutely true! Don't consult the fairies at the bottom of the garden, just the travel agent in your high street or British Airways on 081 897 4000 for details.

BRITISH AIRWAYS

The world's favourite airline.

(Offer open to intercontinental tickets purchased in UK only.)

AMERICAN NEWS

Congress reviews Bush policies on Gulf

By Peter Riddell, US Editor, in Washington

THE US Congress yesterday started a review of the Bush administration's Gulf policy amid increasing fears among legislators about the possibility of a war early next year.

Senior officials have declined to appear under oath before a United Nations Security Council resolution authorising the possible use of force is approved, probably late tomorrow.

Both Mr Dick Cheney, the defence secretary, and General Colin Powell, chairman of the

Joint Chiefs of Staff, will testify on Monday before the Senate Armed Services Committee, while Mr James Baker, the secretary of state, will appear before the Senate Foreign Relations Committee in a week.

Senator Sam Nunn, the influential Democratic chairman of the Senate Armed Services Committee, said the administration's decision nearly three weeks ago substantially to increase the number of troops in the Gulf was "a

fundamental shift in the mission of US military forces" away from deterring further Iraqi aggression to a military aim of liberating Kuwait.

The senator said several questions had to be answered, including whether it was in US vital interests to liberate Kuwait through military means by a largely American military force, how long it would be possible to sustain a

force of more than 400,000 troops in Saudi Arabia, whether President Bush had limited US options by creating a "use it or lose it" situation, how durable the multinational coalition was, and what should be the ultimate US objectives in the region.

He argued that the likely UN resolution "is not a substitute for fully involving the American people of our nation's objectives and strategy."

The question was not whether military action was justified but whether it was

wise at this time and in the US national interest, the senator concluded.

The committee will this week hear from a variety of former senior officials and service chiefs, and from intelligence and strategic experts.

Senator Edward Kennedy said: "It is not enough for President Bush to go to the UN to get approval for the use of military force in the Gulf. He must also come to Congress."



In the swing: George Bush enjoys a rodeo organised by Mexican President Carlos Salinas

Mexicans welcome 'era of US respect'

By Richard Johns in Monterrey

A "NEW ERA" has begun in Mexican relations with the US, based on reciprocal respect, President Carlos Salinas de Gortari said yesterday at a euphoric summit meeting with President George Bush.

The meeting has created a positive atmosphere before negotiations on a free-trade agreement (FTA), due some time next year.

In an exchange of addresses from the balcony of the state of Nuevo Leon's gubernatorial palace, Mr Salinas attributed the dramatic improvement during the two-year life of the respective administrations to the understanding and sympathy shown by Mr Bush to Mexico.

Earlier though, in the village

of Agualeguas, the Salinas family's ancestral home, a sober note was sounded by Mrs Carla Hills, US trade representative, who warned there could be no guarantee of the US Congress approving a "fast-track" approach to trade negotiations.

She said everything would be open to discussion and it had not been decided whether US access to Mexican oil reserves would be covered.

Mr Bush put the emphasis during his talks with Mr Salinas on working towards "free and open trade, so vital to creating jobs in your economy and our own".

Among the issues being discussed were reconstruction in central America, restoration of stability in the Gulf and suc-

cessful conclusion of world trade talks. The US has already insisted on completion of the Uruguay Round bargaining within the General Agreement on Tariffs and Trade taking precedence over FTA talks.

Canada's status or participation remains unresolved and is a potentially thorny issue between Washington and Ottawa. Mexico wants to start off on a strictly bilateral basis while Canada, having reached agreement on negotiations over a parallel and complementary FTA accord, wants to be as fully consulted as possible.

Mexican human rights abuses and flawed democratic procedures have been of limits during Mr Bush's visit.

Earlier though, in the village

Peru budget seeks to raise taxes

By Sally Bowen in Lima

PERUVIANS will face a three-fold rise in taxes next year if budget proposals which were presented to Congress on Monday are approved.

The proposals will mean taxation levels equivalent to 12 per cent of GDP, (gross domestic product) or about \$5bn for fiscal 1991. This would be higher than Peru's total income from exports - which is projected at \$3.45bn for next year.

In an eight-hour presentation to the joint budget committee of Senate and Deputies, Mr Juan Carlos Hurtado Miller, the premier and minister of the economy, promised to present a series of detailed tax reform proposals by the end of this week.

Peru's current wide range of taxes is expected to be slashed to nine or 10, but economists question the ability of Peru's tax administration to collect the monies.

Suit against Drexel client

By Nikki Tait in New York

THE Securities and Exchange Commission yesterday filed a civil lawsuit against Mr David Solomon, an important client of Drexel Burnham Lambert's high-yield department, accusing the former investment manager of fraud and securities law violations.

Among other things, the suit alleges Mr Michael Milken, the high-yield department's former head who was last week sentenced to 10 years' imprisonment for securities law violations, or other Drexel employees provided Mr Solomon with inside information concerning, or obtained from, Drexel clients.

Without admitting or denying the allegations, Mr Solomon has agreed to pay \$7.5m (\$14.63m); of this \$7.5m is for alleged profits from transactions and the remainder is a

penalty for securities law offences, or other Drexel employees provided Mr Solomon with inside information concerning, or obtained from, Drexel clients.

The commissioners concede that there may have been a few teeth problems as they grew into their jobs, but Mr Bianchi adds in their defense: "More people have to be consulted in a democracy than in an authoritarian context. But this means that the measures that are finally adopted are the

Old enemies find only one way to run a central bank

Leslie Crawford on Chile's monetary independence

MAR JUAN Eduardo Herrera, one of the five commissioners of Chile's central bank, has given above the independence of his oil-backed office, which reads: "Lefties do it better."

He is a Social Democrat and an economist who was a strong critic of Chile's former military regime. He now sits on the bank's executive board with Brigadier Enrique Seguel, General Augusto Pinochet's last finance minister.

Chile is the only country in the developing world that has an independent central bank. Its autonomy statutes were Gen Pinochet's parting gift before he stepped down in March. This was a calculated political decision, designed to put the bank beyond political control and lock future governments into following a market-oriented economy.

Gen Pinochet was to have appointed all five councillors, but after tough negotiations with President Patricio Aylwin's incoming government, a compromise was reached. Mr Aylwin nominated two members - Mr Herrera and Mr Roberto Zahler, a Christian Democrat like Mr Aylwin, and a senior UN expert on monetary policy. Gen Pinochet picked Brigadier Seguel and Mr Alfonso Serrano, the bank's vice-president, and both parties agreed on an independent economist, Mr Andres Bianchi, as president.

This cauldron of opponents and supporters of the former regime had all the ingredients of a political disaster. But, according to the councillors, it has worked much better than expected.

One of the main criticisms levied against the bank since it gained independence in January is that the collegiate system of decision-making has been too slow and that efficiency has been sacrificed for the sake of consensus.

The councillors concede that there may have been a few teeth problems as they grew into their jobs, but Mr Bianchi adds in their defense: "More people have to be consulted in a democracy than in an authoritarian context. But this means that the measures that are finally adopted are the

product of a deeper analysis."

The bank has also been under close scrutiny for any signs of unpredictability by the finance ministry. The relationship so far has been a model of harmony, largely because both teams agree that Chile's top economic priority remains the fight against inflation. So while the central bank has held the economy in a tight monetary grip, Mr Alejandro Foxley, the finance minister, has reined in government spending and may even end the year with a small fiscal surplus.

"Without the oil shock," says Mr Bianchi, "we would have advanced much further in taming inflation and reactivating growth." The resilience of inflation is largely the result of the complete monetisation of Chile's economy, which magnifies the impact of an external oil shock by causing all other prices to rise in a ripple effect. Some councillors are in favour of de-indexing the economy, but they stress that this is a medium to long-term project.

Mr Juan Andres Fontaine, the bank's former director of studies, who helped draft the bank's autonomy statutes, says the bank's independence is more tenuous than the US Federal Reserve or Germany's Bundesbank, because its financial position is not solid.

This dates back to the country's financial collapse after the 1982 debt crisis, when the central bank took charge of more than \$30bn of bad debts to keep commercial banks afloat. The latter are slowly repaying their obligations to the bank, but Mr Fontaine says that if there were to be another banking failure in the future, "the central bank would incur serious losses".

On the other hand, few can criticise Mr Foxley's efforts at reallocating the government's meagre resources in favour of the neediest. The minimum wage and pensions have been raised and more money has been pledged for health and housing.

The bank's monetary squeeze is unpopular, but it argues that it inherited an overheated economy. Gross domestic product grew by an unsustainable 10 per cent last

year and inflation was running

NOW YOU
CAN FLY TO
SINGAPORE
AND SYDNEY
GULF AIR
STYLE.

طيران الخليج
GULF AIR

There's never been a more enjoyable way to fly to Singapore and Sydney. Because now you can experience our uniquely hospitable style of service all the way. We depart for

Singapore and Sydney via Bahrain every Wednesday and Friday. It's all part of our continuing development as one of the world's great airlines. In fact, with the latest additions to our

network, we can now fly you to forty destinations worldwide. So why not contact your travel agent or local Gulf Air office and discover for yourself the delights of flying, Gulf Air style.

July 1990

REMEMBER HOW IT FELT?

There was always something magical about being perched on your parents' shoulders. You could see more, you could see further, and yet you felt secure.



Similarly, the very essence of driving a **THE BEST**
Range Rover is that you can survey the scene from above.

With your eye level some two feet higher than in an ordinary saloon, you feel more in command.

Being able to see over other vehicles, you feel more detached from the frustrations of heavy traffic.

And because you can read the road ahead more thoroughly, you're better prepared to take the appropriate course of action.

For example, instead of being surprised by the sudden braking of the driver in front of you, the chances are you will have already seen the little girl who stepped out in front of him.

x4xFAR. When overtaking on the open road, you can see any oncoming cars more clearly.

And when cruising on the motorway, you can spot any hold-ups a fraction earlier, giving you more time

In the Range Rover Vogue SE, your safety is further enhanced by the world's most advanced four-wheel drive ABS braking system, which prevents wheel-lock in the worst conditions, on any combination of surfaces.

Also standard is the immensely powerful 3.9 litre petrol engine, with other models offering you the option of the 2.5 litre Turbo Diesel.*

Your comfort is catered for with air-conditioning, arm rests, Connolly hide and burr walnut.

windows, or even your seat, all you need is a fingertip. There are other cars, certainly, that can offer an

an impressive list of features.
But once you've driven a Range Rover, you'll find

they're all beneath you.

RANGE ROVER.

• THE MIDDLE EAST

Security Council ready to open way for use of force

By Michael Littlejohns in New York and Ian Davidson in Paris

THE UN Security Council appears certain tomorrow to authorise states with forces in the Gulf to use "all necessary means" to eject Iraq from Kuwait if it does not withdraw its troops in January.

At the resolution, initiated by the US and refined in talks with the four other permanent members - Britain, China, France and the Soviet Union - looked set to win fewer affirmative votes than any of its 10 predecessors approved during the four-month crisis.

By some estimates, two votes against (neither constituting a veto)

and two or three abstentions was probable. A minimum of nine affirmative votes is required to adopt a resolution in the 15-nation council.

The US had sought a January 1 deadline for Iraqi withdrawal, but both the Soviet Union and France favoured the date of January 15 and last night this seemed likelier.

Mr Roland Dumas, the French foreign minister, told the AFP news agency yesterday that France had proposed a January 15 deadline, making clear that his reasons for suggesting the later date were to accommodate Soviet wishes.

"I proposed the date yesterday of January 15, though the Americans wanted to set a date of January 1," Mr Dumas told reporters. "It's good that we fix a precise date."

His statement seems to indicate a significant convergence of the French government's position towards that of the US.

Last week President François Mitterrand appeared to be dragging his heels, despite pressure from the US, when he said France was prepared to discuss a new resolution, while at the same time insisting that there could be no automatic link between the pas-

sage of such a resolution and the actual use of force. The resolution would be the first to provide such military action since the Council's 1980 approval of "police action" in Korea.

Mr Mikhail Gorbachev, the Soviet president, yesterday expressed his full support for the resolution. He said in Moscow that Iraq's failure to withdraw would lead to "harsh" and "severe" measures.

There were doubts last night whether China, which has opposed a resort to force, would vote for the resolution, but the US was confident that Qian Qichen, the Chinese foreign

minister, would not veto it.

He is to begin an official visit to Washington immediately afterwards - the first by a senior Chinese official since the brutal crackdown on student demonstrators in Peking in June last year.

Cuba is expected to join Yemen, the council's only Arab member, in opposing the resolution.

Malaysia and Colombia, which have said that the sanctions should be given more time, have made no formal commitment on how they would vote and some diplomats expected them to abstain.

Up to 13 are feared dead in border clash

FIVE Israeli soldiers and up to eight Palestinian guerrillas were killed yesterday in a clash inside the border security zone Israel occupies in south Lebanon, write Hugh Carnegy in Jerusalem and Lara Marlowe in Beirut.

It was the latest in a recent spate of incidents in the area and left the highest number of Israeli casualties in a single incident in Lebanon for four years.

The Popular Front for the Liberation of Palestine led by Mr George Habash, who is now based in Baghdad, claimed it had killed the soldiers with the assistance of guerrilla allies.

The action, following the killing of three soldiers and a civilian by an Egyptian gunman in Israel on Sunday, added to anxiety within that country that tensions related to the Gulf crisis are increasingly having a violent rebound on Israel. The rise in anti-Israeli activity has coincided with demands by Lebanon that Israel withdraws from the south of the country.

Israel struggles to keep low profile as stakes rise

Hugh Carnegy reports on the fears of America's main regional ally over the outcome of the crisis

As the pace of events in the Gulf crisis again quickens, one issue that will be under scrutiny both in Washington and in the anti-Iraq coalition is the highly sensitive position of Israel.

For all the talk of Israel keeping a "low profile" to avoid upsetting the delicate western-Arab alliance against President Saddam Hussein, both sides know that if it comes to war, the role of Israel could well prove to be decisive in determining the outcome.

Aware from the start that the entry of Israel into any military conflict could fatally split the key Arab states - Saudi Arabia, Egypt and Syria - lined up with Washington, Mr Saddam has repeatedly threatened to involve Israel in hostilities. Equally, the US has been at pains to ensure that Israel is kept out of the conflict.

So what kind of posture has Israel struck?

For the Israelis, the immediate "headline" threat is posed by long-range Iraqi surface-to-surface missiles now believed capable of delivering chemical warheads on densely populated areas. The military is operating on the assumption that Mr Saddam will carry out his threat to attack Israel if Iraq itself is attacked, and also takes seriously the possibility that he would launch a first strike against Israel if he felt cornered by sanctions, or that a US-led assault was imminent.

Israeli intelligence assessments acknowledge that Israeli-Iraqi fighting would at least provoke serious internal dissent in Egypt, undermine Saudi resolve and could prompt Syria to switch sides.

For this reason, the US has been anxious to keep Israel out of the picture, to the point of

suggesting publicly that, if Israel were attacked, US forces would take on the job of knocking out Iraqi missile sites on Israel's behalf.

Both military and political officials in Israel scoff at this suggestion. "We will not be dependent militarily on anyone but ourselves," said one.

However, recent reports that Israel might be considering a pre-emptive strike to forestall the threat of attack by Iraq seem off the mark. For a start, however alarming and deadly missile strikes might be, they do not pose any real strategic threat on their own to Israel. Nor could they be accompanied by any land threat by Iraq.

The Israeli Air Force is confident that it can deliver a devastating response to any strike that would stop further attacks.

However, an Israeli spokesman said a pre-emptive strike would be counter-productive as it would play into Iraq's hands and would likely lead to "US casualties on our ledger".

What is much less clear is what Israel's response would be if, for example, an Iraqi attack caused little damage or limited casualties. Mindful of the potential for splitting anti-Iraqi ranks, Israel would almost certainly be under strong pressure to stay its hand, but this clearly cuts across Israeli attitudes.

In the end, what will condition Israel's response will be its assessment of the longer-term consequences of the Gulf crisis. Dr Gerald Steinberg of Tel Aviv's Bar Ilan University says that, despite much "gnashing of teeth" among Israeli leaders over US conduct of the crisis, "at this stage

TOKYO raider admits stock manipulation

By Stefan Wagstyl in Tokyo

MR Mitsuhiko Kotani, a Japanese stock market raider, yesterday pleaded guilty to manipulating the shares of a leisure company in order to sell a large holding at an inflated price.

Mr Kotani, who had pleaded not guilty at an earlier hearing, was thought to have changed his mind in order to improve his chances of securing bail. He has been under arrest since July, unable to supervise efforts to restructure Koshin, the debt-laden investment syndicate which he headed.

Mr Kotani admitted buying and selling 780,000 shares in Fujita Tourist Enterprises in April this year in order to drive up the price from Y3,780 (21.68) to Y5,200. He then sold a block of 6m shares for about Y30m and used the proceeds to repay loans to Kokusai Kogyo, an aerial survey company he acquired in a controversial takeover in 1987-88. Mr Kotani said yesterday he had acted in ways calculated to mislead investors.

As well as the Fujita incident, officials are investigating the takeover of Kokusai, the means he used to raise funds and his links with banks including Sumitomo Bank and Mitsui Trust and Banking, and securities companies.

Tasmania announces corruption probe

By Kevin Brown in Sydney

TASMANIA yesterday became the second Australian state this month to announce a Royal Commission into alleged political corruption.

Mr Michael Field, the Labor premier, said the inquiry would investigate an attempt to save the former Liberal state government from defeat in a confidence motion by bribing Mr Jim Cox, a Labor MP, to cross the floor and vote with the Liberal opposition.

Mr Edmund Rouse, a former Tasmanian media proprietor, and Mr Tony Ako, a Melbourne radio executive, are serving prison sentences in relation to

government for failing to take action to bring members of the security forces to justice.

Mr Namalau said PNG had never denied that abuses had taken place, but all allegations made against the security forces had been investigated.

Mr Harris Van Beek, Amnesty's Australian national director, yesterday followed up the report by calling on the Australian government to provide legislative safeguards against the misuse of Australian-supplied military and police equipment in PNG.

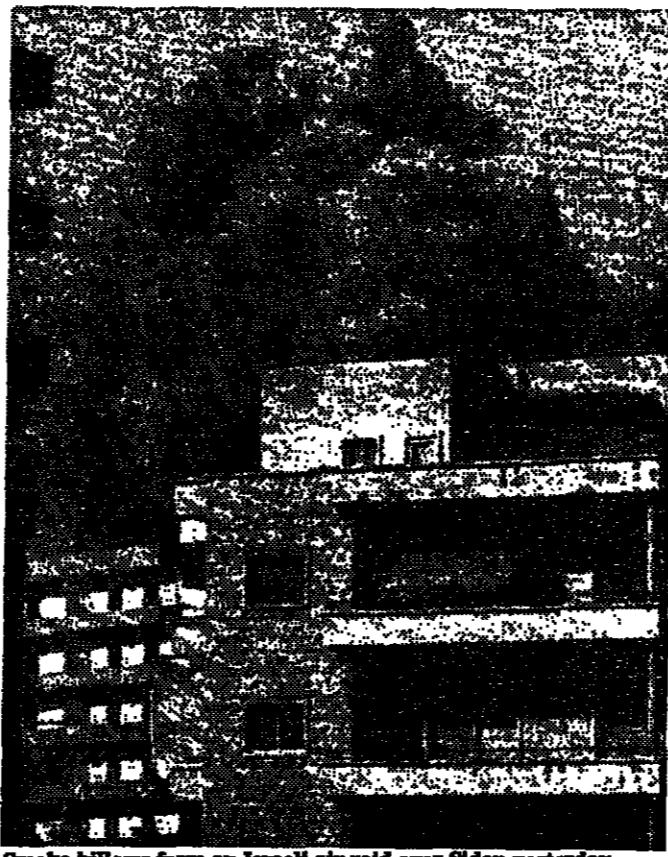
Mr Van Beek said he feared further large-scale human rights abuses would take place in Bougainville unless the PNG and Australian governments took urgent action.

Senator Gareth Evans, the Australian foreign minister, said legislation was unnecessary because the government believed Mr Namalau and other senior ministers were committed to protecting human rights.

Tamil Tigers kill 150 soldiers

IN THE bloodiest battle of Sri Lanka's 15-year separatist war, the Tamil Tigers have killed nearly 150 Sinhalese soldiers, nearly 150 Sinhalese soldiers, says a report from Colombo. A higher final death toll was

feared at Mankulam, about 50 miles north of Colombo. The Tigers lost 50 to 100 guerrillas when the Mankulam army camp, the largest in the Tamil-dominated north, was pounded by mortars over the weekend.



IT'S PASSED THE TOUGHEST TEST OF ALL.

"Open up the System Box, and you might be looking at an IBM."

(PC PLUS MAGAZINE)

When it comes to the Amstrad PC3386SX for once the experts all agree.

Good looks, fast moves and ferociously competitive prices.

(WHAT PERSONAL COMPUTER MAGAZINE)

And no wonder.

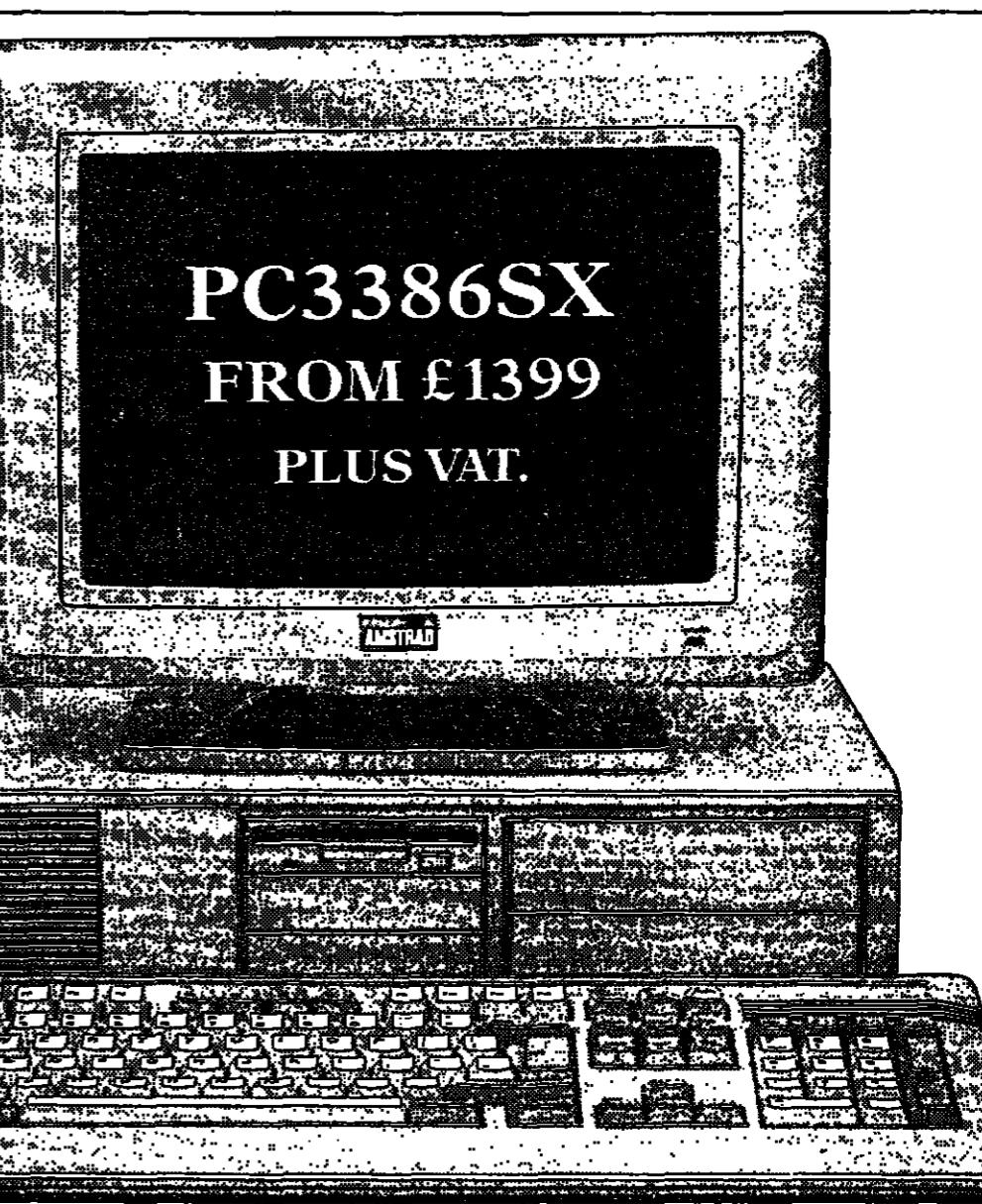
The high standard of specification speaks for itself.

"One of the fastest SX's we've ever looked at."

(WHAT PERSONAL COMPUTER MAGAZINE)

The Intel 386SX™ processor runs at 20MHz making it one of the fastest SX's on the market. What's more there's a full 1 Mb of RAM expandable up to a massive 16Mb.

The Labor government of Western Australia bowed to pressure earlier this month for a Royal Commission into alleged corrupt links over the last 10 years between state politicians and bureaucrats and local business interests.



**PC3386SX
FROM £1399
PLUS VAT.**

All models have enhanced VGA graphics with a choice of 12" monochrome, 14" colour or 14" high resolution colour monitors.

"A sparkling performer."

(PC PLUS MAGAZINE)

They come with high density 3 1/2" 1.44 Mb floppy disc drive and 40Mb fast access hard drive.

"It's a safe, reliable and well engineered bit of hardware... at an excellent price."

(PERSONAL COMPUTER WORLD MAGAZINE)

THE AMSTRAD PC3386SX

AMSTRAD

And all have a highly integrated design built within a robust metal cabinet.

"These prices will give headaches to most other PC makers from IBM downwards."

(WHAT PERSONAL COMPUTER MAGAZINE)

The Amstrad PC3386SX starts from as little as £1399 + VAT (the PC3286 with 16MHz 80286 CPU starts from £749 + VAT).

We think you'll agree with 'What Micro?' Magazine:

"This is the one to buy."

FOR FURTHER DETAILS RING
0277 262326 OR FILL IN THE COUPON BELOW

Please send me details about the Amstrad PC3386SX.
Name _____
Address _____
Postcode _____
FT28/11/90
Send to: Amstrad plc, PO Box 402, Bracknell, Berks CM14 4EF. Tel: 0277 262326



Assad: met British MPs

UK moves towards renewing diplomatic links with Syria

By Victor Mallet, Middle East Correspondent

BRITAIN, which once feared the loss of all its embassies between the Mediterranean and the Khyber Pass, was yesterday finalising plans for restoring diplomatic relations with Syria two months after renewing ties with Iran.

The formation of the Arab-western alliance against Iraq - coinciding with the departure of the adamanine Mrs Margaret Thatcher as prime minister - has given the Foreign Office an opportunity to set aside its differences with Damascus.

A delegation of British members of parliament met President Hafez al-Assad in the Syrian capital yesterday.

On Saturday Mr David Gore-Booth, assistant under-secretary responsible for the Middle East, had talks with Mr Farooq al-Sharaa, the Syrian foreign minister, in the first high-level contact between the two countries for four years.

It was the latest in a recent spate of incidents in the area and left the highest number of Israeli casualties in a single incident in Lebanon for four years.

The Popular Front for the Liberation of Palestine led by Mr George Habash, who is now based in Baghdad, claimed it had killed the soldiers with the assistance of guerrilla allies.

The action, following the killing of three soldiers and a civilian by an Egyptian gunman in Israel on Sunday, added to anxiety within that country that tensions related to the Gulf crisis are increasingly having a violent rebound on Israel.

Britain broke off relations with Syria in 1986 after Nezar Hindawi, a Jordanian, was convicted of trying to plant a bomb on an Israeli airliner at Heathrow airport by using a girlfriend as an unwitting carrier.

Britain said Hindawi was assisted by the Syrian embassy

in London and has protested that Syrian officials connected with terrorism are still in position of authority.

Although Mr Gore-Booth's talks in Damascus are said to have made reasonable progress, it is unlikely that Syria will meet all the British demands. A compromise declaration of "mutual respect" - along the lines of the agreement with Iraq - is probable.

Syria has taken full advantage of the Gulf crisis to assert its control over Lebanon by helping the government of President Elias Hrawi to defeat Gen Michel Aoun, the rebel Christian leader.

Mr Assad also secured a meeting with President George Bush in Geneva to discuss the Gulf crisis.

UK NEWS
THE NEXT PRIME MINISTER

Mr John Major is to be the prime minister who rose without trace. In so far as he has a political philosophy, it is based on youthful hardships that are unlike anything experienced by his cabinet colleagues.

Today he stands a symbol of classless conservatism.

Since putting himself forward for the leadership, he has forged ahead in the opinion polls with a campaign designed to appeal to all segments of the party while assuming the role of Mrs Thatcher's anointed one. Of all the three contenders for the leadership, he was the one with a background nearest to that of Mrs Thatcher.

The grey-haired, invariably courteous, quietly-spoken Mr Major has become a familiar figure on the nation's television screens since being catapulted into the chancellorship 13 months ago after the resignation of Mr Nigel Lawson.

He was the only cabinet member to enhance his reputation at this year's admittedly morose Conservative party conference in Bournemouth.

Yet rarely can a man have climbed to the top of British politics with so little known of what he stands for. Go into any library in the land and you look in vain for volumes of his thoughts. In an age when autobiographers, like policemen, appear to get younger every year, Mr Major, at 47, has yet to put pen to paper. His name rarely features in learned works on contemporary politics.

Most of what is known about Mr Major concerns his mildly exotic past which seems so at odds with the well-groomed technocrat who appears on our television screens. And although Mr Major tries to discourage questions about his background, it is there that the roots of his ambition lie.

Mr Major doesn't like to talk about himself. But during this year's annual meeting of the International Monetary Fund in Washington, guests at the British Embassy cocktail party gained an unusual insight into the future prime minister. He had his palm read by Ms Leticia Farmer, a Washington society astrologer.

Mr Major, she said, had a lot of inner nervous tension. He was outwardly relaxed and inwardly a perfectionist and very self critical. He liked fast cars and was turned on by danger. In particular, he loved a challenge.

When contacted this week, Ms Farmer said that he must be revelling in the leadership contest.

She also forecast that he would be disillusioned when he had achieved his goal. Trivial this may sound. But after Mr Major broke off the conversation, he said Ms Farmer had told him things no one except himself could possibly know.

Indeed, much of what is known about Mr Major is concerns his early life. His father, Thomas, was a trapeze artist. But when John was born in 1943, Tom Major was 66 and his days in the circus and vaudeville were long over. Instead, Mr Major senior ran a small business, making garden ornaments. The family lived in Worcester Park, a respectable, quiet middle class suburb just beyond Wimbledon, south-west London.

This unexceptional background was shattered when John Major was about 11 years old by the failure of his father's business. The family had to move from its comfortable bungalow with its long garden to a two-room flat in Brixton.

In an interview with the South London Press in 1970, Mr Major, by then was an ambitious young councillor in Lambeth, described the new home.

"We came to Brixton and moved into one of those terrible old big houses in Coldharbour Lane while we looked around for another place.

"We stayed there in two rooms at the very top of that house for five years."

The gas stove was on the landing at the top of the stairs. I slept in a bunk bed in the same room as my father while my mother and sister slept in the other room.

"There we were, crowded into two rooms with the family dog and the hamster."

Mr Major was later to make light of the family's problems, recalling how one other occupant in the house had been a burglar, while another would announce his return at night by waving his false teeth around the door.

In an interview in the latest issue of *Harper's & Queen*, he says he took the crisis in his stride. "Any difficulties from that time were shielded from me as much as was possible, both by my father, who was pretty bedridden, and by my mother."

However, the dislocation probably contributed to his less happy time at school. John Major attended Rutlish Grammar School in South Wimbledon, but left, much to his parent's horror, at the age of 16. The main interest of his school days was sport and he developed a love of cricket that has persisted to this day.

"I wasn't a good pupil," he told the

Tory leader who rose without trace



Sunday Telegraph in October last year. "That wasn't Rutlish's fault. It was a good school, and they did their best for me. I didn't do my best for them. I enjoyed English, history, and maths - but I'm ashamed how little work I did for other subjects.

"I think it was something to do with being the bottom of the heap. Not that the school made me feel that - the fault was in me. But somehow I turned against school and couldn't wait to leave."

He hated the petty authority of school and that turned him into a rebel. "I didn't like the regimentation of school life," he told *Harper's & Queen*. "I didn't like the unthinking obedience that people wanted. I didn't always agree with decisions and didn't see why I shouldn't say so. I often did say so."

Today Rutlish has lost contact with its most famous son. But his school experience explains part of the jigsaw puzzle of his rise to power. Although Mr Major may look and behave like an old-fashioned bank manager, he stands his ground in arguments. It was this that was to bring him to the attention of Mrs Thatcher in the second of her three premierships, first when he was a member of the whips' office and later when minister of state for social security.

On leaving school, Mr Major worked as a clerk but gave this up for more highly-paid labouring jobs. It was during this period that he acquired a love of "greasy spoon" breakfasts and junk food. There have been occasions during his chancellorship when he has returned to London from negotiating on monetary matters over a lavish lunch in Brussels, then joined Standard Chartered bank in the mid-1960s.

He joined the bank to travel abroad, having never left Britain. He went to Nigeria just as the Biafran war was starting. He was involved in trade

During this period, he entered local government. He was elected a Conservative councillor in Lambeth in

1968. Two years later, at the age of 27 he took over responsibility for housing policy in Lambeth.

Mr Major said at that time that it was concern about housing that made him enter politics. In part this reflected his own deprived upbringing. But it also reflected a keen sense of the importance of issues in making a political career. "It is the most contentious part of politics in London and following from that it is therefore the most interesting," he said.

He was an innovative chairman of Lambeth housing committee. He formed a housing advice centre and devised a plan to encourage home ownership, giving potential house buyers as much help as possible with loans from town hall mortgage funds.

He impressed Mr Ken Livingstone, the left-wing Labour MP and a former Lambeth councillor.

As vice-chairman and then chairman of the housing committee, Mr Major played a crucial role in tripling the budget for building homes, says Mr Livingstone. "Major would get up and say that we had to help people. Many of us on the left were acutely embarrassed about the previous record of Labour."

Mr Livingstone also says the Lambeth Tory leadership also campaigned against poor landlords and made sure that black people were given council housing, something many had previously denied. "Major was infinitely more hard working and nicer than the other members," says Mr Livingstone. By this time, Mr Major was leaving poverty behind him. He studied in his spare time after leaving school and joined Standard Chartered

bank in the mid-1960s.

He joined the bank to travel abroad, having never left Britain. He went to Nigeria just as the Biafran war was

starting. He was involved in trade

and finance.

During this period, he entered local government. He was elected a Conservative councillor in Lambeth in

1968. Two years later, at the age of 27 he took over responsibility for housing policy in Lambeth.

Mr Major said at that time that it was concern about housing that made him enter politics. In part this reflected his own deprived upbringing. But it also reflected a keen sense of the importance of issues in making a political career. "It is the most contentious part of politics in London and following from that it is therefore the most interesting," he said.

He was an innovative chairman of Lambeth housing committee. He formed a housing advice centre and devised a plan to encourage home ownership, giving potential house buyers as much help as possible with loans from town hall mortgage funds.

He impressed Mr Ken Livingstone, the left-wing Labour MP and a former Lambeth councillor.

As vice-chairman and then chairman of the housing committee, Mr Major played a crucial role in tripling the budget for building homes, says Mr Livingstone. "Major would get up and say that we had to help people. Many of us on the left were acutely embarrassed about the previous record of Labour."

Mr Livingstone also says the Lambeth Tory leadership also campaigned against poor landlords and made sure that black people were given council housing, something many had previously denied. "Major was infinitely more hard working and nicer than the other members," says Mr Livingstone. By this time, Mr Major was leaving poverty behind him. He studied in his spare time after leaving school and joined Standard Chartered

bank in the mid-1960s.

He joined the bank to travel abroad, having never left Britain. He went to Nigeria just as the Biafran war was

starting. He was involved in trade

and finance.

During this period, he entered local government. He was elected a Conservative councillor in Lambeth in

1968. Two years later, at the age of 27 he took over responsibility for housing policy in Lambeth.

Mr Major said at that time that it was concern about housing that made him enter politics. In part this reflected his own deprived upbringing. But it also reflected a keen sense of the importance of issues in making a political career. "It is the most contentious part of politics in London and following from that it is therefore the most interesting," he said.

He was an innovative chairman of Lambeth housing committee. He formed a housing advice centre and devised a plan to encourage home ownership, giving potential house buyers as much help as possible with loans from town hall mortgage funds.

He impressed Mr Ken Livingstone, the left-wing Labour MP and a former Lambeth councillor.

As vice-chairman and then chairman of the housing committee, Mr Major played a crucial role in tripling the budget for building homes, says Mr Livingstone. "Major would get up and say that we had to help people. Many of us on the left were acutely embarrassed about the previous record of Labour."

Mr Major said at that time that it was concern about housing that made him enter politics. In part this reflected his own deprived upbringing. But it also reflected a keen sense of the importance of issues in making a political career. "It is the most contentious part of politics in London and following from that it is therefore the most interesting," he said.

He was an innovative chairman of Lambeth housing committee. He formed a housing advice centre and devised a plan to encourage home ownership, giving potential house buyers as much help as possible with loans from town hall mortgage funds.

He impressed Mr Ken Livingstone, the left-wing Labour MP and a former Lambeth councillor.

As vice-chairman and then chairman of the housing committee, Mr Major played a crucial role in tripling the budget for building homes, says Mr Livingstone. "Major would get up and say that we had to help people. Many of us on the left were acutely embarrassed about the previous record of Labour."

Mr Major said at that time that it was concern about housing that made him enter politics. In part this reflected his own deprived upbringing. But it also reflected a keen sense of the importance of issues in making a political career. "It is the most contentious part of politics in London and following from that it is therefore the most interesting," he said.

He was an innovative chairman of Lambeth housing committee. He formed a housing advice centre and devised a plan to encourage home ownership, giving potential house buyers as much help as possible with loans from town hall mortgage funds.

He impressed Mr Ken Livingstone, the left-wing Labour MP and a former Lambeth councillor.

As vice-chairman and then chairman of the housing committee, Mr Major played a crucial role in tripling the budget for building homes, says Mr Livingstone. "Major would get up and say that we had to help people. Many of us on the left were acutely embarrassed about the previous record of Labour."

Mr Major said at that time that it was concern about housing that made him enter politics. In part this reflected his own deprived upbringing. But it also reflected a keen sense of the importance of issues in making a political career. "It is the most contentious part of politics in London and following from that it is therefore the most interesting," he said.

He was an innovative chairman of Lambeth housing committee. He formed a housing advice centre and devised a plan to encourage home ownership, giving potential house buyers as much help as possible with loans from town hall mortgage funds.

He impressed Mr Ken Livingstone, the left-wing Labour MP and a former Lambeth councillor.

As vice-chairman and then chairman of the housing committee, Mr Major played a crucial role in tripling the budget for building homes, says Mr Livingstone. "Major would get up and say that we had to help people. Many of us on the left were acutely embarrassed about the previous record of Labour."

Mr Major said at that time that it was concern about housing that made him enter politics. In part this reflected his own deprived upbringing. But it also reflected a keen sense of the importance of issues in making a political career. "It is the most contentious part of politics in London and following from that it is therefore the most interesting," he said.

He was an innovative chairman of Lambeth housing committee. He formed a housing advice centre and devised a plan to encourage home ownership, giving potential house buyers as much help as possible with loans from town hall mortgage funds.

He impressed Mr Ken Livingstone, the left-wing Labour MP and a former Lambeth councillor.

As vice-chairman and then chairman of the housing committee, Mr Major played a crucial role in tripling the budget for building homes, says Mr Livingstone. "Major would get up and say that we had to help people. Many of us on the left were acutely embarrassed about the previous record of Labour."

Mr Major said at that time that it was concern about housing that made him enter politics. In part this reflected his own deprived upbringing. But it also reflected a keen sense of the importance of issues in making a political career. "It is the most contentious part of politics in London and following from that it is therefore the most interesting," he said.

He was an innovative chairman of Lambeth housing committee. He formed a housing advice centre and devised a plan to encourage home ownership, giving potential house buyers as much help as possible with loans from town hall mortgage funds.

He impressed Mr Ken Livingstone, the left-wing Labour MP and a former Lambeth councillor.

As vice-chairman and then chairman of the housing committee, Mr Major played a crucial role in tripling the budget for building homes, says Mr Livingstone. "Major would get up and say that we had to help people. Many of us on the left were acutely embarrassed about the previous record of Labour."

Mr Major said at that time that it was concern about housing that made him enter politics. In part this reflected his own deprived upbringing. But it also reflected a keen sense of the importance of issues in making a political career. "It is the most contentious part of politics in London and following from that it is therefore the most interesting," he said.

He was an innovative chairman of Lambeth housing committee. He formed a housing advice centre and devised a plan to encourage home ownership, giving potential house buyers as much help as possible with loans from town hall mortgage funds.

He impressed Mr Ken Livingstone, the left-wing Labour MP and a former Lambeth councillor.

As vice-chairman and then chairman of the housing committee, Mr Major played a crucial role in tripling the budget for building homes, says Mr Livingstone. "Major would get up and say that we had to help people. Many of us on the left were acutely embarrassed about the previous record of Labour."

Mr Major said at that time that it was concern about housing that made him enter politics. In part this reflected his own deprived upbringing. But it also reflected a keen sense of the importance of issues in making a political career. "It is the most contentious part of politics in London and following from that it is therefore the most interesting," he said.

He was an innovative chairman of Lambeth housing committee. He formed a housing advice centre and devised a plan to encourage home ownership, giving potential house buyers as much help as possible with loans from town hall mortgage funds.

He impressed Mr Ken Livingstone, the left-wing Labour MP and a former Lambeth councillor.

As vice-chairman and then chairman of the housing committee, Mr Major played a crucial role in tripling the budget for building homes, says Mr Livingstone. "Major would get up and say that we had to help people. Many of us on the left were acutely embarrassed about the previous record of Labour."

Mr Major said at that time that it was concern about housing that made him enter politics. In part this reflected his own deprived upbringing. But it also reflected a keen sense of the importance of issues in making a political career. "It is the most contentious part of politics in London and following from that it is therefore the most interesting," he said.

He was an innovative chairman of Lambeth housing committee. He formed a housing advice centre and devised a plan to encourage home ownership, giving potential house buyers as much help as possible with loans from town hall mortgage funds.

He impressed Mr Ken Livingstone, the left-wing Labour MP and a former Lambeth councillor.

As vice-chairman and then chairman of the housing committee, Mr Major played a crucial role in tripling the budget for building homes, says Mr Livingstone. "Major would get up and say that we had to help people. Many of us on the left were acutely embarrassed about the previous record of Labour."

Mr Major said at that time that it was concern about housing that made him enter politics. In part this reflected his own deprived upbringing. But it also reflected a keen sense of the importance of issues in making a political career. "It is the most contentious part of politics in London and following from that it is therefore the most interesting," he said.

He was an innovative chairman of Lambeth housing committee. He formed a housing advice centre and devised a plan to encourage home ownership, giving potential house buyers as much help as possible with loans from town hall mortgage funds.

He impressed Mr Ken Livingstone, the left-wing Labour MP and a former Lambeth councillor.

As vice-chairman and then chairman of the housing committee, Mr Major played a crucial role in tripling the budget for building homes, says Mr Livingstone. "Major would get up and say that we had to help people. Many of us on the left were acutely embarrassed about the previous record of Labour."

Mr Major said at that time that it was concern about housing that made him enter politics. In part this reflected his own deprived upbringing. But it also reflected a keen sense of the importance of issues in making a political career. "It is the most contentious part of politics in London and following from that it is therefore the most interesting," he said.

He was an innovative chairman of Lambeth housing committee. He formed a housing advice centre and devised a plan to encourage home ownership, giving potential house buyers as much help as possible with loans from town hall mortgage funds.

He impressed Mr Ken Livingstone, the left-wing Labour MP and a former Lambeth councillor.

As vice-chairman and then chairman of the housing committee, Mr Major played a crucial role in tripling the budget for building homes, says Mr Livingstone. "Major would get up and say that we had to help people. Many of us on the left were acutely embarrassed about the previous record of Labour."

Mr Major said at that time that it was concern about housing that made him enter politics. In part this reflected

THE ISSUES AHEAD

Party seeks fresh start in bid for a fourth term

By Philip Stephens, Political Editor

THE palpable relief with which Tory MPs greeted Mr John Major's victory yesterday is tinged with foreboding.

The party has done what it is good at. It has ejected a leader who had become an electoral liability. Mr Major can now make a fresh start in the hope of recovering enough ground within the next 18 months to secure the Conservatives a fourth term in office.

He can expect a honeymoon period, when the polls will buoy the spirits of Tory supporters and when the party's warring factions will bury their hatchets in the name of unity. The expectation last night was that Mr Michael Heseltine will be offered a place in his cabinet.

But as the battle for the succession has unfolded, those ministers and MPs who have looked beyond the distorting kaleidoscope of the campaigns have begun to consider something else.

Mrs Thatcher takes with her the certainties of the past 11½ years. Mr Major, despite his formidable political talents, does not offer the unfinching conviction, the eternal truths which drove the party for its first three terms in office.

HOW HE WON

Chancellor steered a firm campaign to Number 10

By Alison Smith

THE CAMPAIGN to sell Mr John Major, the chancellor, to his fellow Tory MPs as prime minister set off at a smart pace, and never looked back.

That original impetus was enough to make Mr Major the more likely "stop Michael Heseltine" candidate for the Tory establishment, and gave him the momentum he needed.

This was not inevitable. Despite Mr Major's pitch as the candidate from the "ordinary background" and the idea that he was best placed to appeal to young people, Mr Hurd was seen as the more experienced candidate and the one most likely to unite the party.

But Mr Major was quicker off the mark since the starting pistol had gone off and both nominations were in late Thursday morning. By Friday morning the Major camp was already claiming the support of a third of the 572 MPs eligible to vote. And to keep the bandwagon rolling, MPs backing Mr Major were asked by campaign managers to make public their support.

By contrast, Mr Hurd was privately acknowledged by many MPs to be trailing before the weekend. With a slow start, he took longer to commit himself to policy changes, and his initial emphasis was that with the Gulf crisis looming, a safe pair of hands was

those in the private sector.

In the view of his colleagues, however, Mr Major does not offer anything as coherent a creed as Thatcherism. There will be nothing as clear-cut as a simple return to the "One-Nation" Toryism she deposed.

During the high-drama last few days the vision of many Tory MPs has become blurred: high mortgage rates, the poll tax, the groundswell of discontent about education were Mrs Thatcher's problems. She would take them with her in the removal vans leaving Downing Street.

Asked to focus carefully, they become less sanguine. The government will have to begin to look outwards again and the view from No 10 Downing Street will be far from reassuring. With Mrs Thatcher's departure the problems will remain but the certainties will be gone.

Not all are pessimistic. A cabinet minister who threw his weight behind Mr Major at the start of his campaign insists that the events of the past few years show above all that the party is indestructible. "If we can depose one of the most successful prime ministers we've ever had you can be sure that



Issues ahead: a potential war involving UK troops; opposition to the poll tax; and strained relations with the EC and its president Mr Delors (above with Mrs Thatcher)

we can sort out the poll tax", is his verdict.

Others suggest that this instinct for self-preservation will propel the new leader to build another consensus in a different place from Thatcherism, reoccupying some of the centre ground it had deserted. On this analysis, it was the blind faith in certainties which had caused the cataclysm. Mr Major will offer "Thatcherism without the acerbity".

There are still though the awkward questions. What does the Conservative party become if it is longer the party of radical revolution? Can it be driven again by consensus after being for so long driven

by conviction?

Mr Major does not like the implication, but he wears the mantle of Mrs Thatcher. Even as the voting was getting underway yesterday she was telephoning wavemakers to get them to swing their support behind her announced successor. Many of her inner circle of advisers and couriers moved to his campaign headquarters.

He is the candidate of the right for two reasons. His dislike of inflation is believed to be solid. His scepticism about European integration is perceived to be much more deep-rooted than that of any other likely successor.

But Mr Major is not Mrs Thatcher. She was a prime minister who pinned her political convictions on her heart. He excises political labels even from the linings of his suits.

"Unlike Adam Smith I am not a moral philosopher. Nor am I an economist. Nor an intellectual. I am a practical politician", he has said off himself.

That does not mean that he does not have his own prospectus. His campaign has emphasised again and again the vision of a socially mobile, classless society. Tax cuts, when they come, will be tilted towards the lower end of the scale. There will be more public spending on education, and probably on the health service.

The poll tax will be made fairer if not abandoned.

The essential difference though is that Mr Major's career has been built on pragmatism, on careful assessment of the possible. Mrs Thatcher's successes – and ultimately her failure – derived from her determination to redefine what was possible.

She was willing to fight until the end against a single European currency. Mr Major's instincts about the Delors plan are the same. But he is looking for a political compromise with Britain's partners.

Not everyone believes that the change will be a bad thing. "We don't need certainties, we

have got to think much more clearly about our obligations... in health, in education."

A more junior colleague admitted that after Mrs Thatcher there were no longer any self-evident truths. But that was no bad thing. What was wrong in the Tory party offering good economic management and more social responsibility? The voters have had enough of big ideas from either Conservatives or Labour. They wanted conservatism in its real sense. Mrs Thatcher's successor must hope so.

Leader and editorial comment, Page 20

THE REACTION

Unity and sighs of relief envelop Tory ranks

By Our Political Staff

THERE WAS widespread relief throughout the Conservative Party at the election of Mr John Major to the leadership last night and the decision of the other candidates not to force a third ballot.

Supporters of Mr Michael Heseltine and Mr Douglas Hurd accepted that the overriding need for the party was to unite behind the new leader, despite the high vote achieved by Mr Heseltine.

Mrs Thatcher, the outgoing prime minister, said she was thrilled with the result and sent her warmest congratulations to Mr Major.

A typical Cabinet reaction came from Mr John MacGregor, Leader of the Commons: "I think he will carry forward the

policies of the Thatcher years, and will develop them in his own way. He's proved himself to be very popular in the country," he said.

Mr MacGregor, a former education secretary, and other ministers went out of their way to reject claims that Mr Major would allow himself to be influenced by Mrs Thatcher.

"He's had a lot of experience and I have absolutely no doubt that he will be his own man," said Mr MacGregor.

Mr Kenneth Baker, Conservative Party chairman, said he was delighted that Mr Major was to be the new leader. "We all look forward to him leading us to victory at the next election."

Mr Malcolm Rifkind, Scot-

tish Secretary, said it had been a wonderful achievement by John Major.

The financial reaction was also one of relief, with one analyst stating that he believed the markets would open well up now that the leadership contest had been settled.

Conservative MPs and party officials rushed to proclaim that peace had now broken out in the party.

Mr Julian Critchley, MP for Aldershot and a leading Heseltine supporter, said he was obviously sad that Mr Heseltine had not achieved the leadership, but he had changed the course of history and would presumably be in the Major government, "which would be a good thing."

Mr David Mellor, arts minister and one of Mr Major's leading campaigners, congratulated the participants for conducting a campaign with no mud-slinging, which gave promise that all sections of the party would now pull together.

Mr Jack Cunningham, Labour's campaign manager, said: "We have a victory for the Thatcher candidate in the Tory Party. He's the candidate most committed to the Thatcher policies which have led us into recession twice in the decade. John Major hasn't won you know."

When polls showing Mr Major running ahead of Labour were put to him, he dismissed this as a temporary blip in popularity. "There's been a collec-

tive sigh of relief because Mrs Thatcher's gone," he said.

Mr Pandy Ashdown, Liberal Democrat leader, said everyone in the country would wish Mr Major well in the task that lay ahead of him.

Mr Neil Kinnock, leader of the opposition Labour party, said: "He is a no change, no majority prime minister. Britain will be given more of the same."

Mr Norman Tebbit, former cabinet minister, said Mr Heseltine, "having seen his vote begin to collapse, was wise to concede."

He thought Mr Major would be "very tough, very dry, very quiet" and was not going to be pushed around by anyone.

Opposition tactics, Page 12

Party activists rally round new prime minister

By Jimmy Burns

THE grass-roots of the Conservative Party last night were rallying round their new leader and apparently ready to bury recent divisions for the sake of party unity.

Mr Richard Hall, chairman of the Conservative Association in Bath, the spa town in western England, said: "Everybody is very happy that the government can now get on with governing."

He described Mr Major as a "caring and competent man with whom the people of this country can identify."

And in a view shared by many Tory activists last night, Mr Hall added that the campaign had shown the "tremendous strengths" of all three candidates so that he expected both Mr Douglas Hurd and Mr Michael Heseltine to be included in Mr Major's cabinet.

In Corby, central England, the local Tory chairman, Mr Mike Peacock, said last night's result could "only bring good to the Conservative Party."

Mr Peacock described Mr Major as "certainly a man for the 1990s."

In the Isle of Wight, the local Tory chairman, Adrian Axton, urged Mr Major to go for a general election next June on the basis of what he perceived as the new-found unity of the party.

In Battersea, south London, where

the Conservative Party's member of parliament has only a small majority, local chairman, Mr Timothy Kidd, described last night as a "very good result for the party" although he would not be drawn on an election date.

Hours before last night's ballot, an FT survey had confirmed the wide support for Mr Major in Conservative held constituencies.

But those responding positively to last night's result included local party officials who had previously declared their allegiance to Mr Heseltine.

In previously pro-Heseltine Ipswich, in eastern England, local Conservative chairman, Mrs Elizabeth Harsant, said:

"I'm pleased that it has all come to an end... I think Mr Major is going to lead us to victory at the next general election."

She added: "Mr Hurd should remain where he is as foreign secretary."

Tim convinced that Mr Heseltine will be given a post in the new cabinet. He would be well suited to the role of environment minister, perhaps even of Party chairman."

Mr Major, however, is likely to take into account the strongly-held views of local party activists who in recent days have blamed Mr Heseltine for Mrs Thatcher's downfall.

* chief executives, chairman or MDs; Top 20 in terms of market capitalisation

Where Britain's top 20 company chiefs* were educated



A standard bearer steps forward from Mrs Thatcher's new ruling class

By Ivo Dawney

"THE PARTY of the estate agents has become the party of the estate agents," Mr Denis Healey, the former deputy leader of the opposition Labour Party is fond of saying of his opponents.

To which he now adds with a grin: "And the property market is slumping." The new debate about class politics as the hidden agenda behind the Tory leadership race was almost inevitable when the three leadership contenders declared themselves.

To many they represented the quintessence of the subtle divisions within Mrs Thatcher's new ruling class. Put with cruel bluntness, the contest could be described as patrician versus parvenu versus suburban postmaster. Mr Hurd has

been cast as the old-style tory with his roots in the country; Mr Heseltine is the ambitious self-made millionaire; and Mr Major has a reputation as a dull but reliable politician who has risen through the ranks.

But nobody would have put it so crudely, at least in public, had not Mr Major himself chosen to touch on the subject with his not so cryptic attempt to launch his mobile campaign.

This led on Monday night to the ultimate television situation comedy of having Lord Whitelaw protesting from his estates of discrimination against men educated at fee-paying schools and Mr Douglas Hurd pleading that he had only got to Eton – one of Britain's top private schools

– by means of a scholarship.

For the Hurd campaign team, however, the issue is a serious one. A leading supporter of the foreign secretary reported yesterday that his side had probably lost at least 10 votes because of the class issue.

"The one place where the class war is still really alive is inside the Conservative Party," he protested.

Such class-conscious comments may sound like growling, but they are nonetheless genuinely fat. One Old Etonian MP complained last week that he had been hissed at in the corridors of Westminster by colleagues who said that it was "people like him" who had stabbed Mrs Thatcher in the back.

Yesterday the same man argued: "The

election mess is appalling. Things were done much better in the old days in a smoke-filled room."

Mr Julian Critchley, the biographer and friend of Mr Heseltine, is much amused by the warfare having entered Parliament in 1985, after, as he puts it, being made an honorary whiteface" by party bigwigs.

"In those days, Tory MPs were all called Charlie, all related and went to the house as a kind of social obligation," he recalled yesterday. "Now, they are all called Norman and want to be assistant Postmaster General."

The Commons was the preserve of the upper class who were just bright enough to get the clever middle class to govern

and were kept in power by the deferential working class vote."

Basically, it was entirely apolitical. Now the upwardly mobile working class are enlisted to power."

Behind Mr Critchley's wit is a serious point that is acknowledged by Professor Richard Hoggart, Labour-voting author of the seminal 1950s sociological study of the working class, "The Uses of Literacy".

Yesterday, the professor agreed that the new political battlegrounds are on the allegiances of what was once the "deferential vote" and is now classified the C2s – the increasingly materially ambitious segment of the working class.

"If you put Kinnock and Major in a room you would not see much difference," he argued. "Now the struggle is between

different types of personality – those like Kinnock who believe people must keep abreast of each other, must help each other up, and those like Major who are individualists."

In this context, there can be little doubt that the social composition of the community is changing. As Mr Healey pointed out: "It is hard to tell an MP's party by his clothes or manner."

And within the old class boundaries there are divisions. Yesterday, the oldest of the Old Etonians were voting for Mr Hurd.

The nostalgic Mr Critchley remains a Heseltine man, but some political colleagues just a few years younger, were voting for Mr Major.

UK NEWS

THE NEW TORY LEADERSHIP: THE OPPOSITION

Labour faces the Major challenge

By Ralph Atkins

Labour listens

Is listening enough? Labour will be under pressure to find a rapid response to Mr Major's elevation

THE cricket metaphors, which have plagued the Conservative leadership contest, were inappropriate the senior Labour MP remarked as he watched in bemusement the activity along the Commons' corridors yesterday.

"Much better would be football," he said, his smile widening to a broad grin. "We are waiting in the centre of the pitch for the game to resume."

With the end of the Conservative leadership contest senior Labour party figures will be meeting today to discuss the party's strategy in the first months of the post-Thatcher era.

Gradually it has dawned on the party that the game is about to change. At the very least the Conservative party has the opportunity to freshen itself up. Opinion polls have shown that Mr Major would put the Conservative's back in the lead.

Labour's National Executive Committee will be eager that the political initiative is regained as quickly as possible. Planned programme of policy announcements has had to be rescheduled while attention concentrated on the Tories.

Next week, therefore, is

likely to see a further expansion of Labour's policy on education and health while Commons debates are expected to be used for pressing the newly-assembled government on chosen policy issues.

Suggestions that the party is panicking are dismissed out of hand, as are rumours of dissatisfaction with the performance of Mr Neil Kinnock, Labour's leader.

However, senior figures recognise that adjusting to life under a new prime minister may require some fundamental changes. Labour readily acknowledges that an early general election is increasingly likely given that the next occupant of 10 Downing Street can expect a honeymoon period of some months.

Party officials and shadow cabinet ministers are preparing for an election as early as February or March next year as well as June or October - previously thought to be the most likely dates.

At the same time, while most senior Labour MPs believe the results of its extensive policy review will remain in tact, there is a consensus that the party's message may need sharpening.

That may require taking a further step on its European policy, already the subject of much reflection by members of Mr Kinnock's shadow cabinet. In particular, Labour stand on a single currency - which has not yet been accepted, even in principle, by Labour - is recognised as fuzzy.

With social issues high on the agenda of all three Conservative contenders, Labour will be anxious to make sure its stand is distinctive. That, in the view of some, means making clear that Labour has shaken off its past ideological commitments. "We must be seen as the party of the public interest, not the vested interest," said one shadow cabinet member.

Labour is undeterred by opinion polls showing a new leader giving the Conservatives a lead over Labour of up to 9 percentage points. Opinion polls are only a snapshot and with the Conservative's dominating in the news a short-term lead was inevitable, the argument goes.

The party believes its bedrock support remains about 40 per cent of electorate. The battle with the Tories has, therefore, to be in winning over enough "floating voters"

to win a majority in the House of Commons.

An incoming prime minister may have some advantages, but Labour's senior spokesman believe government ministers will continue to be tarred with the same problems as best the government under Mrs Thatcher.

Yet there is some pressure for Mr Kinnock to seize the chance to improve his performances at the Commons dispatch box - an area where even some loyalists admit he has been disappointing against Mrs Thatcher. Maybe now he faces another man, his fibs will dig deeper, one female Labour MP speculated.

Ahead of yesterday's election, Mr Major was regarded as easier target for Mr Kinnock than the more flamboyant Mr Heseltine. He was a close ally of Mrs Thatcher, has drawn support from the right-wing of the Conservative party, and has masterminded the government's high-interest rate policy over the past year.

"Nobody likes a former bank clerk," sniggered one Labour MP. The opposition party's MPs appeared almost anxious that politics should return to normal.

BRITAIN IN BRIEF



Priority call for single EC market

The completion of the single European market and the enforcement of Community legislation to avoid unfair competition between member countries should remain the EC's overriding priority, according to the Confederation of British Industry.

Sir Brian Corby, the CBI President, said that industry's main concern was to see the creation and development of a freely competitive and open European economy. Failure to achieve that objective would increase the dangers of a move towards protectionism.

Sir Brian was launching "Agenda Europe - Creating the Single Market", which the CBI claimed was the first document of its type to set out the business community's approach to the 1990s.

Yet there is some pressure for Mr Kinnock to seize the chance to improve his performances at the Commons dispatch box - an area where even some loyalists admit he has been disappointing against Mrs Thatcher. Maybe now he faces another man, his fibs will dig deeper, one female Labour MP speculated.

Ahead of yesterday's election, Mr Major was regarded as easier target for Mr Kinnock than the more flamboyant Mr Heseltine. He was a close ally of Mrs Thatcher, has drawn support from the right-wing of the Conservative party, and has masterminded the government's high-interest rate policy over the past year.

"Nobody likes a former bank clerk," sniggered one Labour MP. The opposition party's MPs appeared almost anxious that politics should return to normal.

base rate.

It has instructed specialist banks not to divulge how much they are being penalised by the Bank when borrowing money at high rates.

This adds up to a reversal in policy since the Bank had always been happy to let outsiders know about the high penal rates it was charging the UK banking system in its money-market operations.

The Bank now seems to believe it will have a better chance of influencing expectations about borrowing conditions if details of its dealings are known only by a few specialist banks.

Judge orders payment

Grand Union Insurance Company, of Hong Kong, has been ordered by a High Court judge in London to pay £1,457,585.15 Hong Kong dollars to Compagnie Italienne Di Assicurazioni (CTA), an Italian insurance company.

Mr Justice Waller said that Grand Union had reinsurance CTA's insurance of the Maggiore, Holland and Foccar car hire companies but had refused to pay any of the claims submitted by CTA.

Economic Research Associates, a consultancy group.

Mr Heba argued that the regulatory framework for the electricity industry had been badly designed. The new electricity price market known as the pool gives the generating companies an incentive to boost prices by cutting capacity. This could jeopardise security of supply, the report says.

Nadir hearing postponed

Mr Asil Nadir, the embattled chairman of Polly Peck International, must wait another three months before being able to challenge the Serious Fraud Office's refusal to tell him the basis for its investigation of his affairs.

They announced the formation of a new chip design company, Advanced Risc Machines (ARM), based in Cambridge and capitalised initially at £5m. Acorn will hold 46 per cent of the equity.

VLSI Logic, a US semiconductor manufacturer will also hold 46 per cent while Apple will hold eight per cent. Acorn is 20 per cent owned by Olivetti of Italy.

Motor industry productivity up

Productivity in the UK motor industry improved by more than 60 per cent between 1982

and 1988, Mr Derek Barron, president of the Society of Motor Manufacturers and Traders and chairman and chief executive of Ford of Britain said.

New vehicle output increased by nearly 40 per cent in the same period despite a 16 per cent cut in the motor industry workforce, he told the SMAT annual dinner.

According to German comparisons the total labour costs (wages and social costs) of the UK motor industry were lower than anywhere else in western Europe, including Spain.

US company in telecoms deal

British Waterways, the nationalised company that controls more than 2,500 miles of Britain's rivers and canals, is planning to lay 1,500km of high capacity fibre-optic cable on the bottom of its canals.

The plan would provide the canals, built in the eighteenth and nineteenth centuries and now used by anglers and holidaymakers, the first fruits of the government's proposed revolution in telecommunications.

The company is in advanced stages of negotiation with an American telephone operator

Asil Nadir: High court delays hearing

He and his lawyers have been surprised and dismayed to learn that his application to the High Court will not be heard until February 26. The case had been expected to get to court early next month.

Sunday paper closes down

The Sunday Correspondent newspaper has ceased trading.

The closure comes just two months after the paper changed format from broadsheet to tabloid in a bid to stay afloat.

The paper, launched in September last year, said: "The board of the Sunday Correspondent Ltd announces with great regret that the company ceased trading at 5pm tonight."

Northern Telecom helps deliver thousands of Alka-Seltzer® every day.



When Bayer, the distributors of Alka-Seltzer in Germany, connected to the Deutsche Bundespost data packet network, they gained access to a data communications system with proven performance and reliability.

The original switching technology was provided by Northern Telecom, which means that the Deutsche Bundespost can offer its customers cost effective services and access to databases throughout the world.

The Intercontinental Hotel in Frankfurt also operates one of our systems.

Only this time, it is a telecommunications system and software package developed exclusively for hotels. It covers their administrative requirements day and night.

It also meets the needs of their guests, from room availability to wake-up calls, even an Alka-Seltzer® in the middle of the night.

These are just two examples where Northern Telecom's advanced telecommunications products are helping people in more than 100 countries worldwide.

Can we help you?

We'll even help get you one in the middle of the night.

nt
northern
telecom

TECHNOLOGY THE WORLD CALLS ON.

NORTHERN TELECOM IS ACTIVE IN 24 COUNTRIES THROUGHOUT EUROPE. FOR MORE INFORMATION CONTACT NORTHERN TELECOM EUROPE. 44 (0) 753 813000.

FT LAW REPORTS

Officers' severance pay claim fails

TACOMA CITY
Court of Appeal (Lord Justice Dillon, Lord Justice Ralph Gibson and Lord Justice Leggatt): November 14 1990

SEVERANCE PAY under National Maritime Board terms incorporated into a crew agreement, is payable to a ship's officer only after two years' continuous employment by the ship-owning company or by companies associated with it, not by common management, but through control by shareholding. But if severance pay is due, it is not "wages" giving rise to a lien on the ship with priority over mortgages, in that it is not part of the value of current service but is paid in respect of past service.

The Court of Appeal so held when dismissing an appeal by 20 plaintiffs in an action *in rem* against Tacoma City, Barclays Merchant Bank Ltd intervening as mortgagee. The shipowner, Reardon Smith Navigation Co Ltd (RSN) took no part in the proceedings.

LORD JUSTICE RALPH GIBSON said the claims arose out of the collapses in 1985 of the Reardon Smith Line and its subsidiary companies. The plaintiffs were all officers who served aboard Tacoma City. The shipowner, RSN, was one of the companies in the group.

The Reardon Smith group of companies announced at the end of May 1985 that they were ceasing to trade. The bank as mortgagee issued a writ *in rem* against Tacoma City on June 4 1985, and she was arrested. Leave was given to the bank to pay off the master, officers, and crew, and the ship was ordered to be sold. The master and officers were paid their wages by the bank. The ship was sold for £1.5m. The Court declared the mortgage to be valid and gave judgment to the bank for £1.1m.

The plaintiffs claimed severance pay totalling \$119,682. If they were entitled to maritime liens in respect of severance payment, each would recover in full in priority to the bank. If the plaintiffs did not have maritime liens, the bank would take the whole of the proceeds of sale and the plaintiffs would recover nothing.

Mr Justice Sheen dismissed the claims. The plaintiffs now appealed.

In 1987 the National Maritime Board, a representative body, was set up to secure

co-operation between employers and employees of the British Merchant Marine. The established service agreement currently in force was the 1973 agreement. An NMB redundancy payments agreement replaced the statutory scheme instituted by the Redundancy Payments Act 1965. After the dramatic decline of the British fleet in the late 1970s inadequacies in the NMB scheme became appreciated. Unions and employers negotiated an NMB "Company Severance Payments Agreement" for masters, officers and cadets. It was incorporated into company service contracts.

It was expected by the parties to the collective agreements that shipowners would continue to employ officers and seamen on separate employment agreements on each voyage. That was what happened between the plaintiffs and the Reardon Smith group.

Clauses 1 and 3 of the Companies' Severance Payment Agreement provided for severance payments to masters, officers and cadets who "became surplus to the requirements of the shipping company... that employs them" and who had a "minimum of two completed years of company service with that company". Clause 7 provided that for the purposes of the agreement "service with a company" was intended to refer to association through control by shareholding.

The crew agreement on which the plaintiffs relied began at Cardiff on October 22 1984. It incorporated the NMB agreements, including that on Company Severance Payments.

The main issue was whether the plaintiffs had proved a right to severance payment. The first question was to what "shipping company" did the Severance Payment Agreement refer in "service to the requirements of the shipping company" and "company service"?

In the Severance Payment Agreement as incorporated in the crew agreement, the shipping company must be a reference to the owner, RSN, as "the shipping company that employs the officers".

It followed that the right to severance payment arose on an officer's becoming "surplus to the requirements of" RSN. That right was conditional on his having a minimum of two completed years of "company service with that company".

If the plaintiffs had been entitled to severance payments against RSN, the question was

whether their claims would have constituted "wages" so as to give rise to maritime liens on a ship.

Mr Justice Sheen concluded that claims to severance payments did not qualify as "wages".

Miss Bucknall argued that any sum was "wages" giving rise to a maritime lien if promised to be paid in consideration of service in a ship.

That could not be accepted.

If, for example, payment of a pension on retirement age was promised by a shipowner by terms incorporated in a crew agreement to be taken as a lump sum or by future periodical payments, that lump sum or the value of the pension or even the sums which fell due at time of termination of employment, though consideration for services, would not fall within "wages".

All the additions to wages, payable under special contracts, "which the mariner can be fairly said to have earned by his services" (per Chief Justice Worley in *The Arosa Star (1939) Lloyd's Rep 396, 403*) which had been accepted as giving rise to liens, had been claims which could be regarded as items in the quantification of the value of the current service in the ship.

Pension, as contrasted with contributions towards pension fund, was not part of the agreed value of the current service but was reward for past service.

A pension, or a medical severance payment, or a redundancy payment were not part of the seafarer's current service, but were paid in respect of earlier service.

Severance payments under the NMB agreement were outside the concept of "wages" and provided no basis for maritime liens.

The appeals were dismissed.

Appeals in respect of claims to wages in lieu of notice were also dismissed, on the ground that the relevant agreements were for voyages of stated duration without express or implied terms as to notice for earlier termination.

Lord Justice Dillon and Lord Justice Leggatt gave concurring judgments.

For the plaintiffs: *Belinda Bucknall QC (Ingletons Broom, Benson & Garrett)*.

For the bank: *Timothy Breton (Norton Rose)*.

Rachel Davies
Barrister

EDUCATION

DOLLAR ACADEMY

ENTRANCE EXAMINATION

The examination will take place on Saturday 26 January 1991 at 9.30 am.

The main points of entry are at 5, 8, 10 and 11. Entry to the early years of the Prep School is by interview with the Headmaster.

SCHOLARSHIPS AND BURSARIES: At least two Bursaries (value: half tuition fees) will be available to pupils entering Junior II (P7) and to pupils entering after 'O' Grade and GCSE.

ASSISTED PLACES: Dollar Academy participates in the Assisted Places Scheme. Enquiries about Assisted Places should be made to the Bursar, 23 West Burnside, Dollar, FK4 7DX (Dollar 42401).

A prospectus and forms of application can be obtained from the Registrar, Dollar Academy, Dollar FK4 7DU (Telephone 0259 42511; Fax 0259 42867) and must be lodged not later than Friday 18 January 1991.

For those whose names are already on the entrance lists, no further application need be made.

L Harrison
Rector

RESIDENTIAL PROPERTY

FOR SALE

First Class HOTELS

in various health, spa and tourist resorts in Switzerland.

Prices range from CHF 8 to 18 mio.

For further details please contact Mr Thomas Koller

Fax + 41 1 252 29 35

OBT Treuhand AG

Unternehmensberatung
Unternehmensvermarktung
8042 Zurich, Wettbergrasse 137
Telefon 01/363 25 50

Business Opportunities

appears every Saturday in the WEEKEND FT.
REACH THE RIGHT READERS

by advertising now

Telephone James Burton 071-873 3218

Your Residence on the French Riviera

For sale, beautiful privately owned residential villas in the region between Nizza and St Tropez (from CHF 5 Mio). We offer services in all legal and fiscal matters.

Please contact:

Rainbow Holding AG, PO Box

4847, CH-6304 Zug

Fax No: 0041 42 64 46 36

MOTOR CAR ADVERTISING

appears every Saturday in the WEEKEND FT.
REACH THE RIGHT READERS

by advertising now

Telephone James Burton 071-873 3218

Grosvenor Lambeth Holdings Ltd

VENUS ENTERPRISES (UK) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 96 of the Insolvency Act 1986, that a meeting of the creditors of the above-named company will be held at Venus Enterprises (UK) Limited, 20 Farnham Street, London, WC2A 2DA at 11.00 am, for the purposes mentioned in Section 99, 100 and 101 of the said Act.

Statements of debts and proxy forms if applicable, must be sent to Venus Enterprises (UK) Limited, 20 Farnham Street, London, WC2A 2DA not later than 12 noon on the 4th day of December 1990.

A list of the names and addresses of the company's creditors may be inspected, free of charge, on the day of the meeting, at Venus Enterprises (UK) Limited, 20 Farnham Street, London, WC2A 2DA.

JOHN FREDERICK POWELL and STEPHEN TAYLOR ESO

Joint Administrators

Office holder nos 249 and 7071

Cork, Guyley
43 Temple Row
Birmingham B2 5JT

THE BATHROOM TRADING COMPANY LIMITED

REGISTERED NUMBER: 1626719

Nature of business: Importing and distribution of bathroom equipment.

Trade classification: 26

Date of appointment of joint administrators: 16 November 1990

Name of person appointing the joint administrators: Paul Trevor Prentiss

JOSEPH PATRICK CONNOR and Richard Austin Smart

Joint Administrators

Office holder nos 259 and 269

Cork, Guyley
43 Temple Row
Birmingham B2 5JT

VENUS CONTRACTS LIMITED

REGISTERED NUMBER: 104704

Nature of business: Interior Designers and Contractors

Trade classification: 26

Date of appointment of joint administrators: 20 November 1990

Name of person appointing the joint administrators: Paul Trevor Prentiss

JOHN FREDERICK POWELL and DAVID ROBERT WILTON

Joint Administrators

Office holder nos 249 and 252

Cork, Guyley
43 Temple Row
Birmingham B2 5JT

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION BRUNSWICK DISTRICT REGISTRY

IN RE: O'S LTD LIQUIDATION

AND

IN THE MATTER OF THE INSOLVENCY ACT 1986

A public examination of Paul Trevor Prentiss will be held at 10.15 a.m. on 19 December 1990 at The Court House, 4 Newgate Street, Birmingham.

DATED the 22nd day of November 1990

P H BAYLEY
Official Receiver
Central Law House
10 Newgate Street
Birmingham B2 4LP

CORPORATE SECURITY

The FT proposes to

publish this survey on

December 13 1990. It

will be of particular

interest to the tens of

thousands of

Directors &

Managers who make

decisions regarding the

purchase of

security services who

are also regular FT

readers. If you want

to reach this

important audience,

call Jessica Perry on

071 873 4611 or fax

071 873 3062.

FT SURVEYS

Both of us serve all major U.S. business centres like Chicago. American Airlines offers daily non-stop flights from 11 European cities. American Express has 250 Travel Service Offices nationwide, and the Card is welcome at fine hotels, shops and restaurants throughout America.

American can fly you daily from 11 major European cities to more than 200th cities in the U.S.

American

California Seafood Medley, a sample of gourmet cuisine you can select in Business Class. It's part of the service that won the 1990 *Business Traveller* magazine competition for the best food and wine in the air.

You will find a full range of travel, banking and Cardmember services at American Express Travel Service Offices in major cities throughout America.

Few companies understand the day-to-day requirements of business travellers to America as well as American Airlines and American Express.

So when you fly Business Class to the U.S., you get all the comfort, service and amenities American Airlines is famous for.

And when you use the American Express Card[®], you get the security and full travel and financial services that American Express is famous for.

You can count on both of us.

Relax in this sumptuous leather seat, and enjoy our award-winning service.

AmericanAirlines[®]
Cards
Something special in the air.

*Some cars owned by American Eagle. American's regional airline associate.

MANAGEMENT

Free markets versus interventionism

The business case for Labour

Robert Bischof offers a personal perspective

Recent events may have administered some sharp kicks to the Conservatives, but one thing has not changed: the Tories are still regarded as the businessman's friends - the natural voting habitat for those who toil in commerce and industry.

Perhaps it is time for some new thinking in the boardrooms with some serious consideration being given to where the best interests of business really lie. There is plenty of evidence that unbridled free-for-all capitalism may no longer be the best way, and that what business in Britain needs is the kind of managed economy that has, for example, served Germany so well and is now being offered by the new, modernised Labour Party.

As the former West Germany discovered, a totally different set of tools is required to keep economic activity at a continuously high level rather than a succession of medium-term booms followed by periods of pain. Consistency of economic activity is crucial because it encourages secure, long-term patterns of investment.

The Barber and Lawson booms had another effect: they sucked in imports and lost market share. Once lost, market share is rarely recovered. My own company, which imports German-manufactured forklift trucks, has good reason to erect bronze busts of Barber and Lawson in our boardroom. We owe them much!

All this is not to deny the achievements of Thatcherism. The Thatcher glory years from 1979 to 1988 produced a little *Wirtschaftswunder*, based on deregulation, reduced union power, support for small businesses and a hard-nosed capitalist ideal of free trade and a minimum of state interference.

There is an interesting parallel with that other *Wirtschaftswunder*, the rise of West Germany following the Second World War. During these years the German economics minister, Ludwig Erhard, pursued a policy of unrestrained capitalism where the market ruled and the state did not interfere. But once the economy reached a peak in the mid-1960s, he failed to maintain this high level and was ousted.

During this boom period the Social Democratic Party (SPD) lost election after election until it moved decisively from the left towards the centre. Under Willy Brandt, Helmut Schmidt and the economics minister, Karl Schiller, the new SPD motto became "Market economy as much as possible; state interference as little as necessary". The new market economy was born, with its goal of prosperity and social harmony.

The parallels with British politics are obvious, with Margaret Thatcher in the role of Erhard and the Labour Party under new leadership moving from the left to the centre. Labour should now be able to manage today's economy better than the Tories. It has moved out of its ideological trap of being com-

pletely free-for-all capitalism and that what business in Britain needs is the kind of managed economy that has, for example, served Germany so well and is now being offered by the new, modernised Labour Party.

The German experience clearly shows that in some areas of business activity "more state", not "less state", is needed

mitted to socialism and learned the lesson. The Tories moved further to the right under Thatcher and will now have to find a new position.

The free-for-all economy means that companies have to pay too much attention to short-term profitability and far too little to long-term market share, which is what Japanese and German companies can afford to concentrate on. Mergers and takeovers have a destructive influence on companies' long-term survival that outweighs their perceived functions of making firms leaner and fitter.

In these areas there is a definite role for government. Let us look at some examples. In Britain pension funds and institutions are under constant pressure to get top performance from their funds. League tables are published monthly.

In Germany, equity holding by pension funds and insurance companies is restricted to 15 per cent of their total portfolio and they are only allowed to invest in companies with a respectable gearing.

If this or something similar was introduced in Britain, it would relieve the enormous

Switzerland, there are still usury laws which make financial transactions illegal if they carry an interest rate higher than approximately 4 per cent over base rate. A higher rate than this is seen as exploitation of borrowers who are socially weak, uninformed, or both. Interest rates are a very questionable tool anyway, but the excessive rates in the UK on credit cards, overdrafts and hire purchase are intolerable.

Laws restricting interest rates have important macroeconomic implications. The free availability of credit which feeds on high rates has made the management of macro-economics extremely difficult. This was shown in the boom that followed the income tax reductions of 1988. Much more important, though, is the fact that high interest rates have a nasty side-effect of redistributing income and wealth from net borrowers, who tend to be the socially less affluent, to the net lenders, who are the high earners and wealthier people in society.

Another example of government reluctance to involve itself in industry relates to the slow payment by companies of their bills. A measure designed

to force companies to pay interest on amounts not paid in an agreed time was talked out in the House of Commons. Absence of such a measure not only harms small companies but keeps more than 100,000 totally superfluous credit controllers on the payroll of companies.

Clearly, here again there is a role for the state to set the rules.

But successful government is not just about regulation; it must also have wider ideals and policies to support them.

In Germany, after the Erhard years, the concept of the social market economy included a desire for social harmony between employers and employees. This ideal has also been adopted by the Conservative Christian Democrats. Today Helmut Kohl speaks of *Sociale Marktwirtschaft* as if he invented it.

The Common Market's Social Charter is another expression of this desire for social harmony. Yet Thatcher said it as "socialism by the back door" and it is likely that this could lead to further conflicts with any Tory government. A Labour government, on the other hand, would have few problems in accepting the Charter.

For business there is another extremely important area where Labour should do better than the Tories: education and training. Labour should be able to do a deal with the unions to re-introduce proper industrial apprenticeships.

In Germany, for example, there are about 2.6m young people serving apprenticeships. Such a system needs state involvement in setting up training facilities and colleges as well as providing the necessary cash to pay for them.

Communism and socialism are now dead. Unrestrained Anglo Saxon-type capitalism does not appear to work so well either. The search must be for a middle of the road approach. In Britain it may be the new-look Labour Party that seems most likely to find it, unless there is a real about-turn in the Conservative Party.

Robert Bischof is chairman and managing director of Jungheinrich (GB) Ltd.

Well-qualified women enter employment in the UK in similar numbers to men. At every fence on the way to the top, however, women fall in greater numbers than their male colleagues.

Only one in four junior managers is a woman, and by senior management level the number of women left is reduced to just one or two per hundred managers.

There is no single reason why women are so under-represented; there is no one career stage at which they suddenly disappear. Their failure to reach management is a cumulative process.

This is the conclusion of a study jointly published today by the National Economic Development Office and the Royal Institute of Public Administration.* The report draws together strands of research to present a clear picture of under-achievement - one that is unlikely to change very much unless some of the basic rules of work are redrawn, argues Nedo.

The report aims to convince the overwhelmingly male body of chief executives and senior managers that they are missing out. Only half of all potential talent is currently being tapped; organisations which find ways of tapping the other half, it is argued, will gain a competitive advantage.

Some evidence also suggests that men are becoming "reluctant managers", no longer content to sacrifice their health and personal relationships for their jobs.

Perhaps, too, ambitious men in their thirties and forties are finding working life more stressful than the generation of managers before them; they are less likely to be serviced and supported by wives at home.

All this comes at a time when an actual increase in the number of managers is required; broadly defined, there are currently up to 3m managers in the UK and forecasts suggest that a total of around 700,000 additional managers will be needed by the year 2000 as opportunities continue to expand in the high-skill areas of employment.

The role of management will change as adding value rather than squeezing costs becomes the key to remaining competitive, Nedo observes. In future, management is "likely to be less about issuing orders and keeping subordinates in check and more concerned with building relationships in and

Women's careers

Re-writing the rat race rules

Diane Summers reports on suggested moves necessary to tap all potential talent

outside the company*. This shift is likely further to increase the value of women managers, it is argued.

The Nedo study does not go as far as suggesting that the supply of suitably-qualified managers is about to dry up. It does, however, point to some strong reasons for understanding the current construction of the hurdles and why women fail to surmount them.

Organisations then have the opportunity to decide whether they are going to make it easier for women to compete successfully or, more radically, whether they are going to rewrite the rules of the race.

Women's early career choices may dramatically reduce their opportunities. They are concentrated in areas with poor career prospects, like secretarial and clerical work. Even when they go for higher status occupations they may miss the right track to promotion.

Senior or general managers are not usually drawn from jobs that are seen as the support, rather than the central functions, in a business. Women tend to go into these support-type jobs.

In insurance they are more likely to work in personnel than to be actuaries; in retailing they are more likely to handle staff management than store management; in manufacturing, women are more likely to be in sales than production, Nedo points out.

"Promotion out of a support function is not easy. Employers argue that candidates with this type of background lack the real business understanding needed for senior or general management," the report says.

Even women who make a promising start may subsequently fail when they cannot construct the kind of track record seen as essential for promotion to management grades. An unbroken employment record, willingness to work long hours and geographical mobility (often an imagined rather than real need of

action. The Nedo study characterises these as the "life is work" and "life and work" approaches.

Under the first, employers remove some of the extra hurdles women face but continue to insist that women must reach management posts in the same way as men. In other words, that they must work continuously and full-time, fitting in domestic commitments around their jobs.

This traditional approach would include, for example, encouraging women to improve their professional qualifications and making science and manufacturing careers more attractive. It would also include the various child-care options that some employers are beginning to consider such as workplace nurseries and childcare vouchers.

"This approach may be the quickest short-term route to increasing the number of women managers, but it may not have the kind of dramatic results companies expect," Nedo points out. The approach assumes a male way of life and work and ignores many of the social changes of the last decade.

Parents who wanted to be managers would still find themselves with inadequate time off to spend with their children and late starters would still be considered too old for training and promotion.

The life and work approach starts with an acceptance that current managerial careers often make unreasonable demands on men as well as women.

The radical consequences of such an approach would mean redesigning managerial jobs to make part-time work more realistic, as well as revising some basic assumptions about managerial careers. For example, are continuous employment and geographical mobility really necessary?

Flexible career-break schemes with returner programmes and new attitudes to age, allowing late starters and mature students access to managerial careers, would also have to be considered.

The first approach removes some of the extra hurdles women face and the second brings them down in height," says Nedo. In reality, the approaches are not alternatives but complementary ways of eliminating unnecessary obstacles, the study concludes.

*Women managers: the untapped resource. Nedo in association with RIPA. Published by Kogan Page, £2.95.

We don't just work together

We co-operate

It's our belief that people come up with unique ideas when in a creative work environment. These ideas are then translated into products intended to serve only one purpose: to enhance the creativity of the user. *Canon makes it work.*

Canon

HERTFORDSHIRE

Wednesday November 28 1990



New towns and garden cities led to the first wave of investment into Hertfordshire. The green image, together with the county's proximity to London, remains a powerful magnet. But is there a danger of overheating?

Stewart Dalby investigates

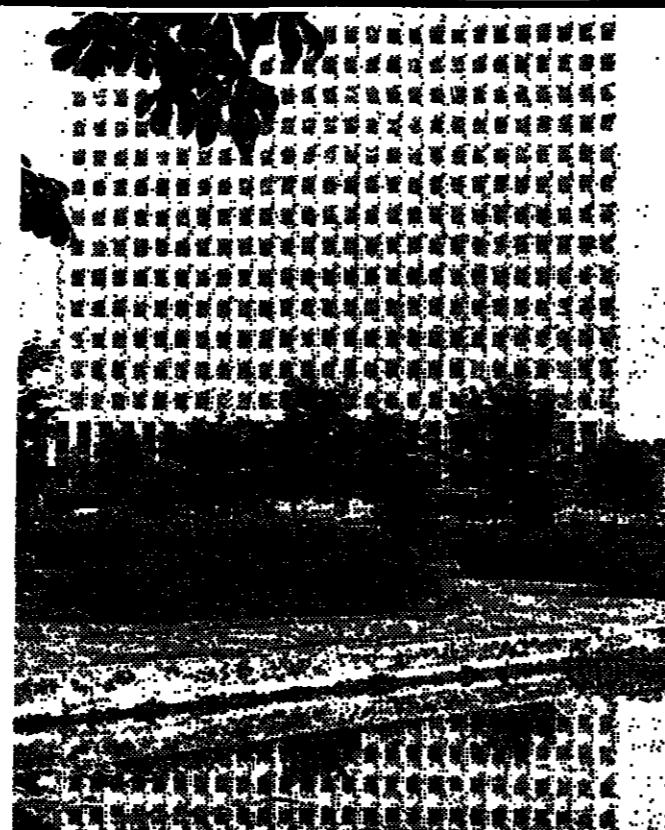
Maintaining the balance

LESS than a year ago, Hertfordshire was like a city centre car park - full.

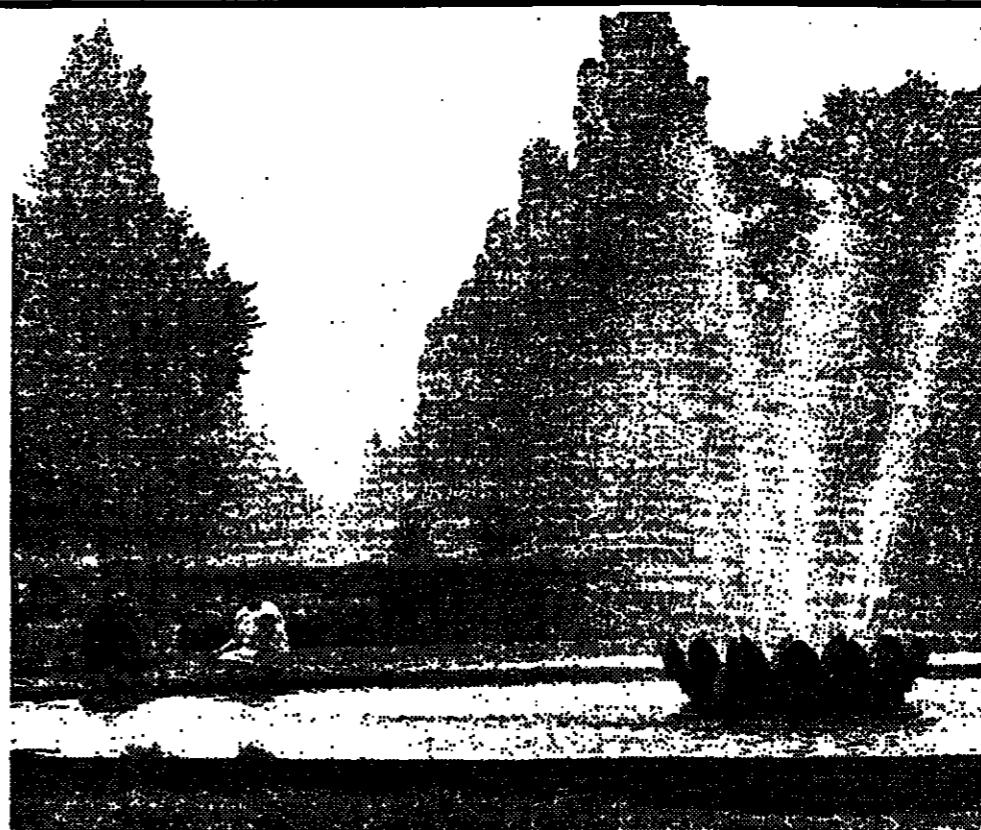
Officials at Hertfordshire County Council like to talk of successive waves of investment and relocation, both of companies and people, lapping into the county.

The initial wave came in the early years of the century with the first of the garden cities, Letchworth and Welwyn Garden City. By the 1930s, engineering and other manufacturing concerns, particularly those involved with the new consumer industries, were drawn out of the industrial grim of the cities into these green, well-planned open spaces. Then, in the 1940s and early 1950s, a second generation of new towns such as Hatfield, Stevenage and Hemel Hempstead attracted newer types of concerns - defence, aerospace and pharmaceutical groups.

The pharmaceutical companies arrived for broadly similar reasons to the earlier wave: Local authorities were offering plenty of space (as well as incentives) in what was a benign environment for companies associated with the health industry.



As the home of the first garden cities, Hertfordshire is conscious of its green image and is determined to maintain its feeling of rurality



The aerospace industry developed a presence in Hertfordshire partly by design, partly by accident. Hatfield had an airfield, which the de Havilland Aircraft Company (as it then was) bought in the 1930s, finding itself cramped for space in Edgware. Today British Aerospace, a descendant of de Havilland, still owns some 800 acres, including the airfield. The site is the headquarters of the company's civil aviation division.

By the early 1980s, Hertfordshire had what was said to be the heaviest concentration of high technology concerns in Britain, together with a core of older, so-called 'metal bashing' concerns.

The recession of the early 1980s resulted in an exodus of many of the older concerns to places where land and labour was cheaper. The original diaspora from London of the manufacturing groups spread further afield.

Job losses - unemployment did rise to over 7 per cent, historically very high for Hertfordshire - were made good by a third wave of immigration, this time largely of service companies. They were attracted not just by compara-

tively lower overheads but by the proximity to London and the communications infrastructure. The influx was given a particular impetus by the completion of the M25 motorway in the mid-1980s. It runs right through the county and links up with the M1, the A1(M) and other important north-south arteries.

The good communications - rail links to London were greatly improved in the 1980s - meant a number of people wanted to live in the spacious, comfortable environment that the county offers and commute to London and comparative smallness.

Not only was the county full, it was beginning to overheat. Unemployment was down to 2.8 per cent. Major companies say there has been a problem in finding skilled labour, particularly science or engineering graduates, because they could not afford the high house prices; a problem which had become acute by 1988. Short-

ages of skilled labour, the high cost of housing and land, and the general congestion, were pushing up costs and making the county a less desirable place to be than hitherto. Neither were the local authorities vigorously promoting the area.

The heat has been drawn to some extent by the slowdown in the economy. The housing market, as elsewhere, has become static and a number of large companies, including BAe and SmithKline Beecham, are reorganising.

Mr Brian Briscoe, the new chief executive of the county council, says: "I would never argue that recession is a good thing for companies, but a slowdown does give an opportunity to restructure and change and this is what many companies are doing."

Mr Simon Smith, an economist with the planning department of the county council, feels that with or without a recession, Hertfordshire was

not and will not become as congested and overheated as the Thames Valley, although he admits that there is a comparative shortage of greenfield sites.

Mr Smith says, however, that tens of thousands of square feet of B1 type property is available, because the process of older manufacturing

concerns moving to cheaper

sites is continuing. Properties are continuously being upgraded and refurbished.

Mr Smith maintains that companies involved in development, research and marketing will be able to find premises; existing companies will be able to expand. Rents of between £20 and £30 a square foot for B1 light industrial/office type properties make the county competitive with other areas around London.

There is a pool of skilled and labour in Hertfordshire, another reason why certain kinds of companies want to be there. To ensure this continues the county council has warmly embraced the new Training

IN THIS SURVEY

■ Economy: the old 'metal bashing' have moved out, to be replaced by a new wave of high-technology and service companies

■ Transport: a tidal flow of motorway traffic and commuting, together with the intricacies of travel in a rural environment... Page 2

■ Profile: three British Aerospace divisions are located in the county

■ Pharmaceuticals: some 17 drug companies have a presence in the county, including Glaxo, Roche and SmithKline Beecham

■ Education and training: new initiatives have been set up in a bid to stem the skills shortage... Page 3

■ Property: there is no shortage of office and retail development

■ Stansted: London's third airport is sure to have a dramatic effect... Page 4

and Enterprise Council, which is involved with local employers, the polytechnic and colleges of further education.

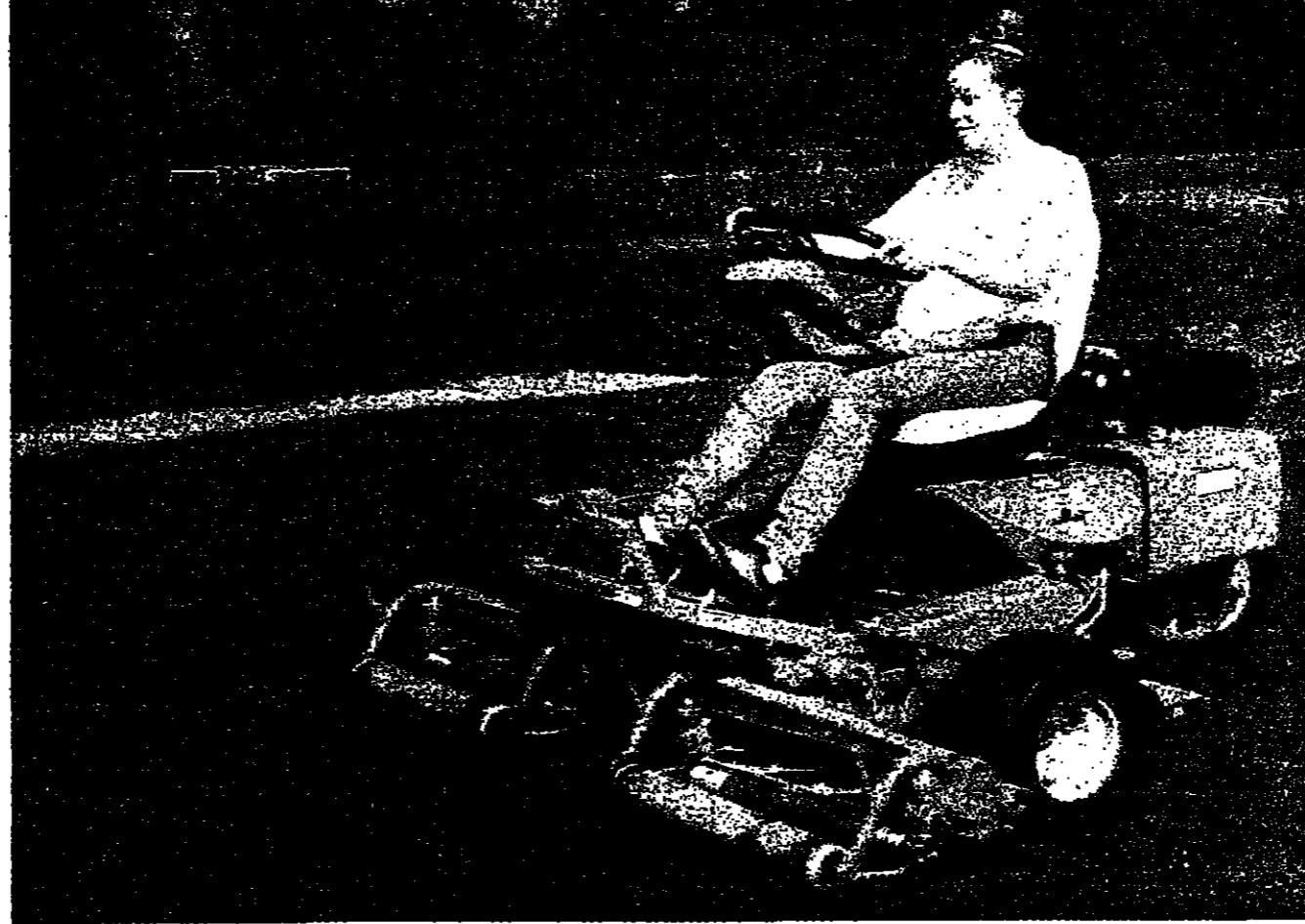
Hertfordshire may appear congested, but it is a county of small towns with no massive population centres. Many are new towns, and are as such better laid out than older cities.

Hertford, Watford, Hemel Hempstead, have their rush hours, but nowhere does congestion seem as daunting as in Slough, Reading or Bristol.

While the county might seem fully developed in terms of industry and commerce, however, it does not appear overheated or overcrowded. Housing apart, nor does it seem particularly expensive, even though it is close to London.

For the moment, it seems to have struck a reasonable balance between being a nice place to live and a convenient location to work.

We're sowing the seeds ...



HERTFORDSHIRE
TRAINING & ENTERPRISE COUNCIL



The Hertfordshire Training and Enterprise Council is investing in the future, today.

In partnership with key Hertfordshire organisations we are promoting education, training and enterprise - to make the County a better place to live and work.

Our partnerships will help change attitudes

to training and stimulate investment in people. Together, we'll help strengthen Hertfordshire's economy.

Hertfordshire Training & Enterprise Council
New Barnes Mill, Cottonmill Lane, Sopwell, St. Albans,
Herts. AL1 2HA Tel: 0727 52313 Fax: 0727 41449

... in partnership for Hertfordshire

This advertisement has been sponsored by the following companies

KPMG Peat Marwick McLintock

Hertfordshire
COUNTY COUNCIL
Education

Marconi
Instruments

TESCO

HATFIELD
POLYTECHNIC

BRITISH AEROSPACE
(COMMERCIAL AIRCRAFT) LIMITED
AIRLINES DIVISION



espresso

HERTFORDSHIRE 3

PROFILE: British Aerospace

A powerful marketing weapon

BRITISH Aerospace's long association with Hertfordshire and its high profile mean that it is often seen as a major force in the county's economy.

However, the BAE companies in the county do not figure large in the group's overall employment or turnover totals. BAE employs 132,000 people worldwide; group turnover (including Rover and Royal Ordnance) was £9bn in 1990. The companies in Hertfordshire, although part of larger, more widely-spread divisions, employed just over 11,000 people directly in the county, and accounted for turnover of more than over £2bn in 1988.

There is no compelling reason why the three BAE units should remain in Hertfordshire, but equally, there is no reason why they should leave. The land was bought cheaply: the marketing arms of the companies are close to London and the Ministry of Defence; and, above all, a body of skilled labour has been built up which would probably not be available elsewhere. At a time when UK defence spending is on the decline, stable workforces are important.

BAE has been in Hertfordshire since the 1930s when the de Havilland company, feeling crowded in its plant in Edgware, bought an airfield in Hatfield.

De Havilland was incorporated into Hawker Siddeley Aviation in 1960. Hawker Siddeley Aviation was nationalised in 1971, along with British Aircraft Corporation, Hawker Siddeley Dynamics and Scottish Aviation, to form state-owned British Aerospace. In turn, BAE was privatised in two stages, in 1981 and 1985.

BAE's civil aviation division



BAE has sold some £4bn worth of Rapier surface-to-air missiles

in the areas of communications services, satellite news and business news.

By contrast, BAE (Dynamics) at Hatfield has seen considerable upheaval in recent years; once employing 11,500 people, the workforce has been reduced to 5,200. Turnover is

Employing 1,800 people, BAE Space is also a partner with Matra Espace of France in Satcom International, which has been marketing the medium-sized EuroStar platform. The company is looking to expand

range of anti-armour systems.

Some £4bn worth of Rapier surface-to-air missiles have been sold. The system has been sold to a dozen overseas countries and protects RAF airfields and United States Air Force bases in the UK.

Air-launched weapons include the Sky Flash medium range missile which equips the Tornado Interceptor. BAE (Dynamics) is also developing the Air-Launched Anti-Radar Missile (Alarm), an advanced defence suppression missile for use against enemy radars.

In addition to guided missile systems, BAE (Dynamics) produces a range of aerospace and defence electronics equipment for which BAE Systems and Equipment (Base) handles the marketing. Base is responsible for avionics, communications, underwater systems, weapon control, actuation and sensors, advanced materials and mechanical products, military electronics and electronic warfare and security systems.

Stewart Dalby

Glaxo, Roche and SmithKline Beecham all have a presence in the county

Green image suits drug companies

IT WOULD be nice to think that the concentration of pharmaceutical and healthcare companies in Hertfordshire arises from a desire to be in a benign environment.

As an official history of the Roche Group says: "The Roche company of the 1930s and Welwyn Garden City were, it would seem, made for each other. The company was becoming increasingly successful in an innovative and expanding industry; the Garden City was the practical embodiment of a bold idealism, breaking away from the satanic factories and the sprawling slums spawned by the industrial revolution and creating instead, a pleasant, modern setting with plenty of space, light and air, for people to live in and work."

At a time when health and environmental issues are becoming increasingly important, it is appropriate that pharmaceutical concerns should be located in a spacious, clean setting.

But the fact that there is a cluster of health care companies in Hertfordshire owes as much to accident as design.

The Roche history goes on to say:

"Hertfordshire, together with the Thames Valley, were the first relocation sites away from an increasingly dirty and over-crowded London. The Garden City authorities in the 1930s and the new town leaders in the 1940s and 1950s were keen to attract companies and people into what were then empty acres – especially if the companies were 'green' and therefore compatible with the philosophy of environmentally-friendly industry."

For the pharmaceutical companies, the proximity of London and Cambridge University and the fact that other pharmaceutical companies are nearby are equally compelling reasons to stay in the county.

The presence of a number of similar companies encourages labour mobility and means that wages tend to be bid up.

Some 17 pharmaceutical companies have a presence in Hertfordshire. Merck Sharp and Dohme (MSD), Glaxo, SmithKline Beecham and Bristol Myers have a significant representation in the county.

For Glaxo, the fact that Hertfordshire is between three universities (Oxford, Cambridge and London) is important. The bulk of the company's production is in the north of England and Scotland, but Glaxo is currently consolidating its research activities in a £500m investment on a 70-acre site in Stevenage. The company still has staff in Ware and elsewhere in the south-east, but some 1,200 biologists and chemists will be employed at Stevenage. Together with local staff, Glaxo will employ more than 2,000 people in Hertfordshire.

"We need to be near London because that is where the marketing is done, but we also have a close relationship with Cambridge," says company spokesman, Mr Anthony Connolly. There are joint research programmes and many graduates are recruited from Cambridge.

The Roche group also values the closeness to London. The company first acquired a six acre site on a 999-year lease in Welwyn Garden City in the 1930s.

The company employs

around 850 people in Welwyn and has a turnover in the UK of around £200m. Although described as a pharmaceutical company, the bulk of Roche's UK turnover comes from the sale of vitamins and other consumer health products.

However, it does have two current drugs which are selling well, the anti-arthritis Mobiflex and the anti-Parkinson's Disease drug Madopar.

Given that Roche exports a lot of its products, there is some concern that Britain's entry into the exchange rate mechanism of the European Monetary System will bring pressure on margins.

There is no suggestion, though, that the company will move away from Hertfordshire. As with Glaxo, proximity to London is important. There is co-operation with Cambridge University and a major research programme into an anti-Aids vaccine.

Like other drug companies, Roche spends around 15 per cent of its revenues on research and development. Much of the company's production is carried out at a plant in Scotland, so there is no pressure to expand in Hertfordshire.

If there is a problem, it is that high house prices have made it difficult to recruit graduate scientists.

SmithKline Beecham's chief executive, Mr Stewart Siddall, says it makes sense for pharmaceutical companies to merge and grow because of the high costs and the time consumed in developing new products. It can take 12 years and £100m to develop a new drug.

Pharmaceutical drugs account for some 51 per cent of SKB's world-wide turnover. In the past SKB has done well out of its Tagamet anti-ulcer drug, but this can now be produced generically, and SKB, like other companies, is researching new products.

SKB employs over 1,000 people in Hertfordshire, with Welwyn Garden City the main centre.

Although some production has been relocated to the old Beecham plant in Crawley, West Sussex, the company plans to stay in Hertfordshire.

Stewart Dalby

The Masterpiece is complete

Westside is now completed and ready to help ensure that any successful organisation continues to thrive and prosper.

The 175,000 sq ft office development at Kings Langley stands by the Grand Union Canal and its location allows an organisation and its people to enjoy a rewarding environment.

For further information contact Graham Hayman or Anthony Nicholas at Knight Frank and Rutley.

WESTSIDE

**Knight Frank
& Rutley**
22 Hockley Square, London W1C 0AH
071-629 8171

Sun Alliance developing for the future

EDUCATION AND TRAINING

Initiatives to beat the skills shortage

IN MANY ways, the modern British classroom originated in Hertfordshire during the pioneering days after 1945, when London went north to green fields and new towns.

The 50 per cent increase in population between 1951-52 sparked the need for 175 new schools in 15 years. The then Education Officer, Mr John Newsom, and his architect, Mr Stirrat Johnson-Marshall (later chief architect at the Ministry of Education) set the pattern.

The method they chose was so fundamental to think it had to be invented at all: while the classrooms were painted in primary colours, the furniture was scaled down to fit the children in bright, open rooms.

A tradition of innovation is now part of the education system in the county at primary, secondary and tertiary levels. The latest movement is as fundamental as the efforts of the pioneers: collaboration with industry is the theme.

Hertfordshire is in the midst of the biggest upheaval in further education in Britain – the merger of its 10 colleges into four new bodies designed to meet the needs of a high-tech county suffering an acute skills shortage.

Dr Al Rainnie, director of the Local Economy Research Unit at Hatfield Polytechnic, paints a graphic picture of the county's recruitment difficulties.

With 96 per cent of Hertfordshire enterprises employing less than 25 people, the ability of employers to overcome perceived skills shortages is acute. "Poaching" in many sectors has led to a local wage spiral which does nothing to improve the local economy's skills base.

With 4 per cent unemployment and 10,000 out of work for more than six months, there are 18,000 vacancies in the office, retail and high technology sectors, all demanding new skills.

There are 18,000 vacancies in the office, retail and high-tech sectors

and Enterprise Network, a labour market intelligence forum.

Perhaps the TEC's most significant success came with an advertisement in local newspapers asking women if they wanted to take part in a Back to Work training scheme. 170 women (some of whom had been out of paid work for 16 years) applied for the first 25 places. The scheme, which is to expand to a 500-place programme, is the largest run by any of the UK's 82 TECs and has attracted 3,000 enquiries.

Asked what many businessmen are doing wrong in the training field, Mr Wright is straightforward: "lots of people are not doing it all." But Mr Wright believes that the TEC, "energised" by its move away from the public sector, can help. He points to the strong "business dimension" provided by the controlling board.

Nor is the TEC's work exclusively for the highly-skilled in a high-tech market. The Action Trust has been hired to provide a study into long-term unemployment in Hertfordshire at a

practical programme and 60,000 of the county's 70,000 students in further education are part-time. New investment will bolster the new institutions and £12m is being spent on the Watford College Nationalisation project alone.

Europe will also play its part in the pattern of further education. The European Social Fund is providing a £300,000 grant for the training of women and those returning to work, and the "1992 dimension" forms an important part of many courses.

Hatfield Polytechnic, now independent with 5,000 students and six faculties, and aims to reflect the needs of industry in its undergraduate courses. It also sells its expertise to local companies, both in the form of consultancy and short courses.

The short courses are tailored to meet the demands of employers: such as stress engineering for BAE, software engineering and microprocessing courses at Marconi and a staff management programme for supermarket chain Tesco, which has its headquarters in the county.

Mr Malcolm Instone, deputy to the chief education officer, says that while it will be difficult for the county to maintain its reputation for thrusting initiative within a national education system, he hopes that it will still be able to exercise expertise as a pioneer.

The county was a pilot authority for the national Technical and Vocational Initiative, which has blossomed in an individual form as the Hytec project at a former Stevenage infant school which has been transformed into a "simulated manufacturing company". Some 1,000 county sixth-formers alone pass through Hytec each year and spend one week role-playing in the production sector.

Another local success is HATS, the Hertfordshire Action on Teacher Supply Project. Funded jointly with British Petroleum, the project was designed to seek out and recruit those in industry who might wish to teach. The key sectors were mathematics, science and craft design and technology. A 120 mature instructors have now moved over from industry and the project has evolved into the government's licensed teaching programme.

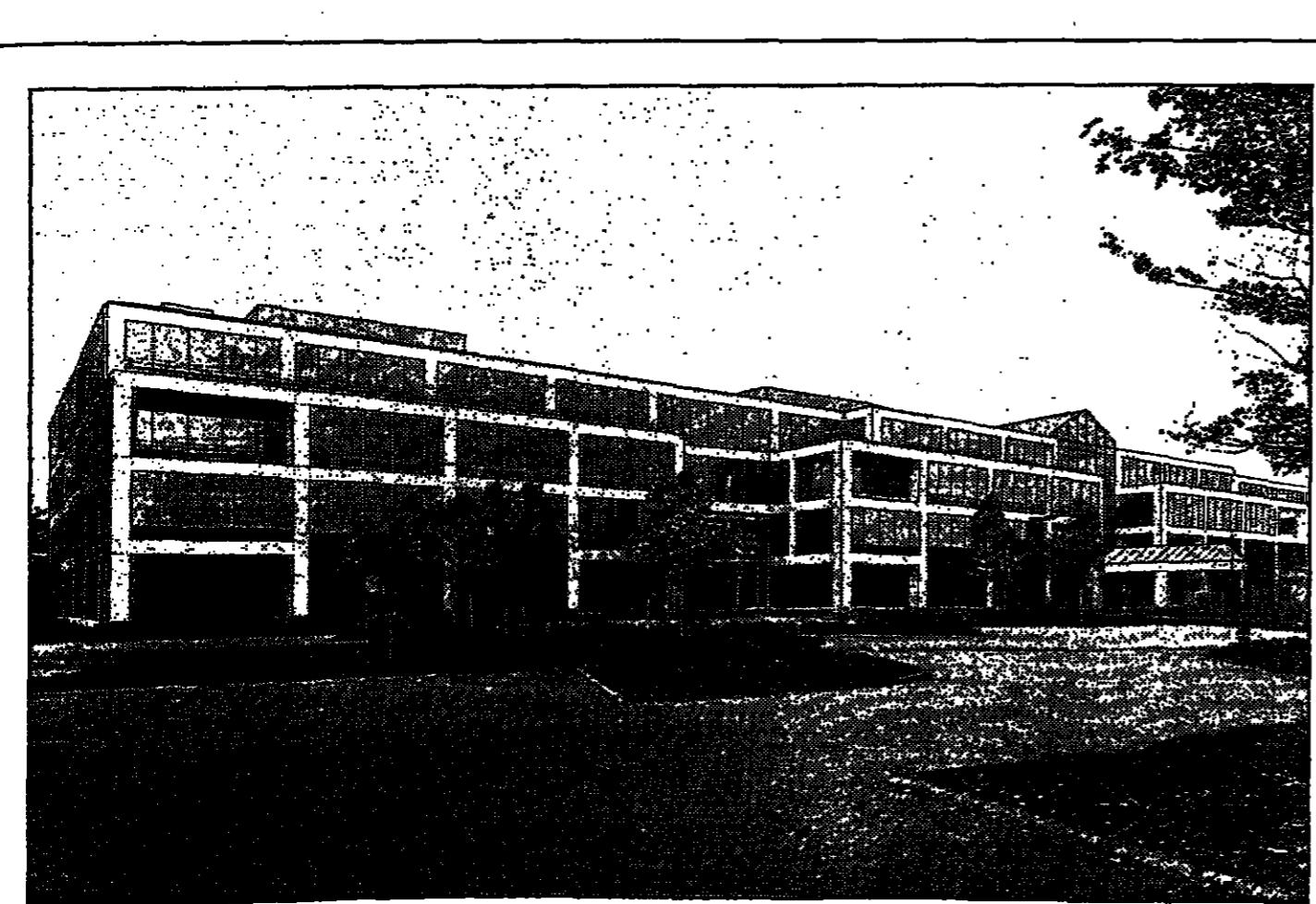
A review of the county's further education found that it was geared to 16-19 year olds. The perceived need was for adult training, retraining, technical skills and skills updating. "We needed larger institutions with a larger resource base", says Mr Evans.

The 10 former colleges, which will preserve their individual strengths such as Watford Technical College's printing technology or North Herts College's business studies programme, are to merge into four new institutions. New governing bodies will have a strong business input: members include Hertfordshire TEC, Tesco, Glaxo, John Lewis, Midland Bank, BAE, the travel agents' association Abta, and the National Farmers Union.

Within the colleges there is a growing tradition of partnership with industry and it is commonplace for the Department of Trade and Industry to match investment in training and equipment on a pound-for-pound basis.

"This is about improving the skills base for Hertfordshire", says Mr Evans. It is a strongly

Jim Kelly



HERTFORDSHIRE 4

Analysts argue that the county faces oversupply, writes Jim Kelly

Recession hits property market

THOMAS Malthus, who pointed out the disparity between the geometric growth of population and the arithmetic growth of food supply, would have found an application for his theories in Hertfordshire's property sector.

Malthus, as a late 18th century economist at the East India College at Hailsham outside Hertford, would have looked out across the green fields of this rolling home county.

During the last decade, those open spaces have been threatened by an overheating local economy. The growth of economic activity has been geometric; land supply is arithmetic at best.

The depth and length of the current recession are crucial to future property development and values.

Dr Al Rannie, director of the Local Economy Research Unit at Hatfield Polytechnic, says that it could be argued that the county faces oversupply. Light industrial and office development are vulnerable, says Dr Rannie: "B1 (office building) is springing up all over the county. The landscape is going to be littered with steel dinosaurs. Historically in a recession Hertfordshire has gone in late and come out early. A considerable number of people believe it may be different this time around".

Dr Rannie believes the local economy is on a cusp, creating a nightmarish situation for planners who must decide if office development is going to soar into oversupply or be the economic saviour.

There is also a contradiction between rising unemployment and the perceived skills shortage which has already led to some outward investment.

While many developers con-

tinued to paint a bullish picture of Hertfordshire's land value potential, the Local Economy Research Unit identifies some cause for concern. First, the reliance on defence industries; second, the global restructuring of the pharmaceutical industry; third, in the recession in computing; and lastly, the high cost of housing, which is proving a barrier to attracting skills.

Dr Rannie says there is also evidence that London problems, such as house prices and travel times, have migrated out to the county, along with those companies which have relocated.

This, he says, may prompt a further phase of relocation.

The recession, in the housing market at least, has taken some of the steam out of the overheating machine. Mr Adam Sanders, of William H Brown & Ware, says that in 1989 a three-bedroom semi-detached house would have cost \$120,000 in Ware; it would now command \$95,000.

"We do not think the prices are likely to rise for at least another nine months - and there is still going to be some movement downwards", says Mr Sanders.

He points to a 25-30 per cent reduction from the peak of the market.

The upper end of the market in the county, priced at above £400,000 with an acre and a

half of land, has dipped by 20 per cent.

At the lower end of the market, studio flats in good locations have dropped from \$20,000 to around \$15,000.

The changes are for housing, and predictably, in the new towns like Stevenage, where a three-bedroomed corporation property can cost £25,000. Mr Sanders finds Hertfordshire prices particularly sensitive to commuting costs.

During the last increase in oil prices in the mid-1970s, the value of village properties was depressed by the increased cost of petrol and the running costs for oil fired central heating.

The boom has been fuelled by the economic growth since 1985 and in spite of the fact that growth in rents slowed down in 1990, and are likely to slow until late in 1991, Mr Taylor predicts solid growth in the next five year rent period.

"My view is that the schemes up and running have demand and will be let fully", he says, although he accepts that others in the pipeline may have to be mothballed.

"You are going to see a marked slow-down for two years in shopping centres", he predicts, but he sees potential in smaller scale developments in areas such as Stevenage.

The Harlequin at Watford is the largest in-town shopping centre currently under construction in the UK. The 750,000 sq ft development contains John Lewis, Marks & Spencer, British Home Stores, Boots and Littlewoods.

The zone A rates in Watford are around £150; in Hemel Hempstead around £100, while Healey and Baker claim a new rental high of £50 zone A in Cheam.

While office development has continued across the county it is the growth in retail development that Mr Bettis believes to be "remarkable", adding that it is problematical what will happen when they are completed.

The completion of the M25

provided the opportunity for major out-of-town shopping developments and several projects so far failed.

On the other hand the office,

development under construction and in the pipeline seem to be outstripping council forecasts for population and

economic growth. At present office rents in, say, Borehamwood, are running at about \$20 per sq ft, in Rickmansworth at \$27.

The county council's own handbook provides a fitting warning to developers who might see a short recession as an opportunity for later growth. "Only the application of a firm development policy, charting an intricate course between the conflicting needs of the community has prevented the county from being overrun in the rush to build", it notes.

The Marlowes shopping centre, Hemel Hempstead: retail development has been "remarkable"

Confederation Life's new headquarters in Stevenage: office development has continued

WHILE many commentators still doubt Stansted Airport's ability to get off the ground, there is a growing awareness that a gathering momentum is about to lift the enterprise into flight.

Two new cards, both played within the last month, have significantly bolstered Stansted's positive role as London's third airport.

The effect of that metamorphosis on Hertfordshire, which skirts the apron of the Essex airport, is sure to be fundamental.

Air UK, Britain's third-largest scheduled airline and Stansted's pioneer operator, has announced plans to expand its operations to coincide with the opening of the 240m new terminal and rail link.

The privately owned carrier, in which KLM Royal Dutch Airlines has a 14.9 per cent stake, hopes the expansion at Stansted will attract 400,000 additional passengers in 1991 on to its domestic and international routes operated by BAE

146 short-haul jets. At the moment, Air UK carries 200,000 passengers a year through Stansted, representing 10 per cent of its activity.

Mr Andrew Gray, managing director of Air UK, has said: "It is the principal objective of Air UK to position itself as the short-haul business carrier at Stansted serving business centres both in the UK and Europe."

While some estimates of passenger growth at Stansted are significantly lower than Air UK's, the carrier insists its predictions are based on forecasts extrapolated from current market share figures.

Mr Gray says: "We have been here for some time and we are bullish about the future of what is a very fine airport. The train link is of paramount importance, especially to the business travel market."

The second card was played by American Airlines. A spokesman has confirmed that the airline, which has 500 aircraft and operates 18 routes in seven European countries, is seeking a licence to operate between New York and Stansted.

At the moment, under the so-called Bermuda 2 agreement, two US and two UK airlines are designated by each country to fly between the three London airports and New York's La Guardia, Kennedy and Newark. Newark has been excepted to allow Continental Airlines to fly to Gatwick. American's move opens up the possibility of an exception on this side of the Atlantic.

Meanwhile, the complex network of inter-related air carrier

agreements is in a state of flux.

A new, more pressing, timetable for change has been precipitated by Pan American's sale for \$400m of its North Atlantic rights into Heathrow to United Airlines. While a review of traffic distribution at Gatwick, Heathrow, and Stansted continues, along with the setting up of working party on extra runway provision, the European Commission is reviewing its competition policy.

This tumult, brought into focus by United's attempt to get into Heathrow by the back door, will bring about a re-writing of the rules which could fundamentally affect the future of Stansted. The government may be tempted to offer some form of inducement to carriers to use the third airport. As Mr

Gray says: "We are looking to Stansted to develop as an airport, therefore we would certainly like to see an inter-continental operation. The government have to consider the pros and cons but we would like to see them encourage growth at Stansted."

Mr Eric Lomas, managing director of Stansted Airport, agrees: "I would like the support of the government to enable Stansted to have a transatlantic service. American Airlines has made a vote of confidence in Stansted Airport." Mr Lomas believes such confidence brings the airport close to achieving the "critical mass" required for long-term success.

While the future can only be forecast, the reality of development at Stansted is impressive. Stansted, owned by the BAA (formerly British Airports Authority), was designated as London's third airport in the June 1985 White Paper. It has outline planning permission to grow to 15m passengers per annum, although the current target is 8m.

Some 25 per cent of passenger totals are scheduled with carriers like Air UK, Air France and KLM. The largest growth area is inclusive tour holidays, with 70 operators using the airport, with 300,000 passengers carried in the summer of 1990.

The airport's new 240m, 180 sq metre terminal, which opens next spring, is the most visible symbol of confidence in Stansted. It is on one level and, with a flash of sun, is unusual in airport architecture; it is designed for ease of use. Incoming and outgoing passengers do not mix and a direct rail link will run from the building to London's Liverpool Street rail station. Three hum-

ber

work to deal with further expansion and cater for consumer needs. The completion of the M25, the new bridge over the Thames at Dartford and the Channel Tunnel will create a potent network of developments.

Although Stansted promises to contain direct and related development, Mr Norman Mead, general secretary of the North West Essex and East Herts Preservation Association says that there are fears that "airport induced" growth will spill over into the countryside. He insists that there is still a wide and vociferous lobby against growth beyond the passenger numbers at Stansted.

Despite the reservations, there is now a considerable development momentum behind Stansted: it is moving rapidly towards making a reality of the title of London's third airport.

Jim Kelly

London's third airport prepares for take-off

Stansted: gateway to the future?

WHILE many commentators still doubt Stansted Airport's ability to get off the ground, there is a growing awareness that a gathering momentum is about to lift the enterprise into flight.

Mr Andrew Gray, managing director of Air UK, has said: "It is the principal objective of Air UK to position itself as the short-haul business carrier at Stansted serving business centres both in the UK and Europe."

While some estimates of passenger growth at Stansted are significantly lower than Air UK's, the carrier insists its predictions are based on forecasts extrapolated from current market share figures.

Mr Gray says: "We have been here for some time and we are bullish about the future of what is a very fine airport. The train link is of paramount importance, especially to the business travel market."

The second card was played by American Airlines. A spokesman has confirmed that the airline, which has 500 aircraft and operates 18 routes in seven European countries, is seeking a licence to operate between New York and Stansted.

At the moment, under the so-called Bermuda 2 agreement, two US and two UK airlines are designated by each country to fly between the three London airports and New York's La Guardia, Kennedy and Newark. Newark has been excepted to allow Continental Airlines to fly to Gatwick.

American's move opens up the possibility of an exception on this side of the Atlantic.

Meanwhile, the complex network of inter-related air carrier

agreements is in a state of flux.

A new, more pressing, timetable for change has been precipitated by Pan American's sale for \$400m of its North

Atlantic rights into Heathrow to United Airlines. While a review of traffic distribution at Gatwick, Heathrow, and Stansted continues, along with the setting up of working party on extra runway provision, the European Commission is reviewing its competition policy.

This tumult, brought into focus by United's attempt to get into Heathrow by the back door, will bring about a re-writing of the rules which could fundamentally affect the future of Stansted. The government may be tempted to offer some form of inducement to carriers to use the third airport. As Mr

Gray says: "We are looking to Stansted to develop as an airport, therefore we would certainly like to see an inter-continental operation. The government have to consider the pros and cons but we would like to see them encourage growth at Stansted."

Mr Eric Lomas, managing director of Stansted Airport, agrees: "I would like the support of the government to enable Stansted to have a transatlantic service. American Airlines has made a vote of confidence in Stansted Airport." Mr Lomas believes such confidence brings the airport close to achieving the "critical mass" required for long-term success.

While the future can only be

forecast, the reality of development at Stansted is impressive.

Stansted, owned by the BAA (formerly British Airports Authority), was designated as London's third airport in the June 1985 White Paper. It has outline planning permission to grow to 15m passengers per annum, although the current target is 8m.

Some 25 per cent of passenger totals are scheduled with carriers like Air UK, Air France and KLM. The largest growth area is inclusive tour holidays, with 70 operators using the airport, with 300,000 passengers carried in the summer of 1990.

The airport's new 240m, 180 sq metre terminal, which opens next spring, is the most visible symbol of confidence in Stansted. It is on one level and, with a flash of sun, is unusual in airport architecture; it is designed for ease of use. Incoming and outgoing passengers do not mix and a direct rail link will run from the building to London's Liverpool Street rail station. Three hum-

ber

work to deal with further expansion and cater for consumer needs. The completion of the M25, the new bridge over the

Thames at Dartford and the Channel Tunnel will create a potent network of developments.

Despite the reservations, there is now a considerable development momentum behind Stansted: it is moving rapidly towards making a reality of the title of London's third airport.

Jim Kelly

London's third airport prepares for take-off

OUTSIDE LONDON WE ARE IN THE TOP 20 UK PR. AGENCIES AIMM.

ADVERTISING • PUBLIC RELATIONS • DESIGN

Communication House, Works Road,

Letchworth, Herts SG6 1LB

Tel 0422 566000 Fax 0422 490167

Hatfield Automatics Ltd

As a Repetition Turned Parts manufacturer for over 40 years, Hatfield Automatics Ltd has for many years been a supplier to Ford Motor Company of Precision parts in high volumes. We are now proud to be holders of the Q1 Award for Excellence and are believed to be the first and only SOLELY turned parts manufacturer in Britain to attain this highly prestigious status.

Ford

Q1 Award

CAXTON HILL • HERTFORD • HERTS • SG13 3NE

Telephone: 0922 566000 (2 lines) Fax: 0922 500370

FINANCIAL TIMES RELATED SURVEYS

Million Keynes Growth Industries - Thames Valley January 18

Ipswich Region March 28

Swindon April 26

Aerospace May 25

Pharmaceuticals August 29

Peterborough November 21

Management Education March 1991

FOR ADVERTISING INFORMATION Contact CLIVE BOOTH

071-873-4152

FOR EDITORIAL INFORMATION Contact DAVID DODWELL

071-873-4090

100

100

100

100

100

100

100

100

100

100

100

100

100

1

ARTS



When fiction could not match the passion on the Westminster stage: characters from 'Capital City', 'House of Cards' - and Mrs Thatcher

TELEVISION

The barbican unbowed by the Thatcher years

In the whole history of television publicity there cannot surely have been a more elaborate stunt than this: BBC1 produces a splendidly controversial political drama, *After Hours Of Crisis*, set in the immediate aftermath of Margaret Thatcher's premiership, and in the very week it comes on air, sure enough, Mrs Thatcher is forced to resign. How on earth did the BBC persuade the Tories to co-operate? The only trouble is that the tickering and back-stabbing among the real politicians is much too melodramatic; though Andrew Davies' adaptation of Michael Dobbs' story is masterly, it cannot begin to match the passion and spite of the play on the Westminster boards.

Observers overseas sometimes see the truth of a nation's situation more clearly than the citizens at home. Last week the *Wall Street Journal* declared that under Margaret Thatcher Britain's "political and literary cultures have been transformed by conservative ideas".

Whatever the rights and wrongs of the idea, it is no surprise that the Thatcherites have become more and more hysterically angry at seeing television - unlike most newspapers, unlike politicians, unlike many Britons - so blithely unaffected by the new dominant ideology. The truth is that the programme makers at the BBC have never been effectively attacked, let alone over-run by the Thatcherites. That may continue to be true even after the 1990 Broadcasting Act begins to have an effect. Do what you will to the structure and economics of television, you may still fail to alter or replace the people who enjoy making programmes.

Anyone who doubts this might try naming a single programme which could be described as "Thatcherite". *Capital City* seems (or, in its

first series, seemed) to celebrate yuppie-dom, but even that series never conveyed a proper understanding of Thatcherite ideology, it merely attributed greed vaguely to some of its characters. As for the current series, that is not Thatcherite at all. In the past 11 years just one series has sought to describe the ideas advanced by Hayek, Keith Joseph, the IKA and so on, which led to Britain's Thatcherite revolution: *The New Enlightenment*, produced by David Graham and Peter Clarke for Channel 4 in the autumn of 1986.

Of course there have been Thatcherite attacks on the programme makers. With the Broadcasting Standards Council due to begin public operations on January 1, 1991 this may be the moment to recall the opening sentence of the section "Supporting Family Life" in the Conservative Party manifesto of 1983: "It is not for the Government to try to dictate how men and women should organise their lives". What then, is the purpose of the BSC?

Television's greatest advantage as a new medium is also its greatest bugbear: instantaneousness. Newspapers have been had enough in the coverage of the Conservative leadership melodrama: the overkill has often been absurd, with many broadsheet newspapers producing more words in one day than any normal reader could ingest in a fortnight. But at least papers have 24 hours to reflect and select, and anyway readers can always turn to the sports page the next day.

Television suffers from being asked to show us what is happening at the moment. There is no time to reflect or select, so once a big story is running the editor becomes

neurotic and sticks with it, just in case something else interesting happens... just in case the opposition beats him to it. One night last week on BBC1's *Nine O'Clock News* Michael Buerk told us that the Heseltines had gone out to dinner. (Gosh!) Then we saw a filmed report showing them earlier in the evening going out to dinner. Then Buerk introduced a reporter stationed at that moment on the doorstep of the Heseltines' empty house to confirm that, yes, indeed, they had gone out to dinner.

History will probably prove that there have, so far, been no more than three memorable TV moments in this entire affair: Geoffrey Howe's Brutus speech in the House; Margaret Thatcher's sprint down the steps in Paris (helped by Bernard Ingham's strong-arming) to announce, without consultation, her intention to fight on; and that electrifying afternoon in the Commons when, with humour, repartee, and absolute mastery of the chamber, Mrs Thatcher flayed the hide off the Labour opposition at the lowest moment of her career.

It looks as though we may acquire a new Prime Minister just in time to start a shooting war in the Gulf. If, heaven forbid, it comes to that, the armed forces and the government will not have a hope of muzzling and bamboozling the world's broadcasters and newspapers as they did in the Falklands. On that occasion the reporters' need for naval transport to reach the theatre of war and for military communications technology to send material home gave the forces the whip hand.

In the Middle East the situation will be much more reminiscent of Vietnam. One of the best war photographers to emerge from Vietnam was Tim Page who, as a teenager, took

his motorcycle across the English Channel and rode overland to the front line where he set about learning to use a Nikon. In the Gulf it will be similarly difficult for the military to prevent reporters from swarming everywhere.

Some may, of course, get themselves killed, but there will also be pictures of the inevitable horrors of war which news teams will be satelliting back virtually, perhaps actually, in real time. If the Falklands created appalled problems over the attempted control and censorship of newsmen, the Gulf will be worse. It is probably no exaggeration to suggest that this is one of the main considerations holding back the allies: the reluctance within liberal democracies to have families sit in front of the evening news and watch their sons die in the desert.

How many people, I wonder, saw the opening titles to BBC1's Sunday lunchtime series about politics, *On The Record*, for the first time this week when the three candidates for the Conservative leadership were interviewed. They will not have been able to miss the silliness of the images: a Lego-like crocodile made out of the Big Ben tower lying on its side, just like one of those "transformer" toys, crawling across a cut-out map of Britain.

Such infantile stuff is the new fashion, it seems, in BBC current affairs. *Assignment*, the new series of foreign reports, begins each week with a picture of a cabin trunk which opens to release a skeleton on a bicycle, a clockwork helicopter, a toy robot on a pogo stick, a neon cowboy on a neon horse, and an Indonesian shadow puppet. What next - *Panorama* introduced by Postman Pat?

Christopher Dunkley

Arditti Quartet

ST JOHN'S, SMITH SQUARE/RADIO 3

Aficionados of contemporary music know very well that the Arditti players have become master-exponents of Elliott Carter's string quartet, but it's only those same aficionados who hold Carter's "difficult" music in such high esteem that masterly interpretation of it should seem important.

In Monday's BBC lunchtime recital, however, the sustained, generous audience-response to the Arditti performance of his First Quartet sounded - even on the radio - like a breakthrough-like an audience who had just been persuaded that a very long, intricate

cate and "difficult" work wielded both a tough dramatic grip and a potent expressive range.

Those of us who were thunderstruck by this Quartet, back in the late 1980s, could feel justified. Few of us knew then that its most extraordinary feature, its so-called "metrical modulation", which opened up dizzying new possibilities of rhythmic counterpoint among independent voices, had been tried out in a couple of other Carter pieces already: the Quartet seemed to arrive like a revelation from no known place. And for a long time, when the

occasional intrepid quartet essayed it, accurate fulfillment of the score's fearsome demands seemed virtue enough - nothing less than that could make its radical originality audible, and anything much more seemed unnecessary and probably unfeasible.

Over years of studied exposition, however, the Arditti's technical prowess has allowed them not only to master the fantastic (though strictly musical) complexity of Carter's part-writing, but to honour his knotty, rangy performance like this it becomes

omnipresent - from the grand cello-cadenza at the start to the answering one for violin at the close, through the stark first-movement polyphony, the *scorevole* witchery and the visionary Adagio (Ives, Berio) to the final, steel-sprung Variations.

The Arditti delivered it all like the sovereign musicians they are, rising above small technical skids to bear confident witness to a treasure: the first great quartet after Bartók. It was a joy to hear.

David Murray

EAST MIDLANDS

The Financial Times proposes to publish this survey on:

17th December 1990

For a full editorial synopsis and advertisement details, please contact:

Paul M. Jefferis or Anthony Hayes on 021 454 0922

or write to them at:

George House
George Road
Edgbaston
Birmingham B15 1PG

FT SURVEYS

ARTS GUIDE

THEATRE AND OPERA

London

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber opera derived from David Garnett's 1980 novel. It's a dark, lyrical, intimate and well directed by Trevor Nunn. (0895 5972). Absurd Person Singular (Whitehall). Revival of early Ayckbourn comedy, directed by the master himself, about three couples at Christmas in three locations over a year. Alan Ayckbourn, Richard E. Grant, Linda Bassett, Richard E. Grant and Linda Bassett. (0895 5972). Extended until January. Man of the Moment (Globe). Nigel Planer and Gareth Hunt in another Alan Ayckbourn play, this time about media manipulation. (071 587 5897). Into the Woods (Phoenix). Julie Mckenzie shines as the witch in Stephen Sondheim's compensation of fairy tales. The title song is a highlight. (071 587 1115). Extended until January. Les Liaisons Dangereuses (Teatro Albeniz). The Royal Shakespeare Company will be performing Christopher Hampton's play based on the Laclos' novel of seduction, intrigue and revenge set in pre-revolutionary France, directed by David Leveaux, and starring Pip Miller and Emma Piper. Ends Nov 18 (022 022 0005).

Les Liaisons Dangereuses (Teatro Albeniz). The Royal Shakespeare Company will be performing Christopher Hampton's play based on the Laclos' novel of seduction, intrigue and revenge set in pre-revolutionary France, directed by David Leveaux, and starring Pip Miller and Emma Piper. Ends Nov 18 (022 0005). Phantom of the Opera (Majestic). Starring with Martin Shaw's gilded sets. Phantom rocks with Andrew Lloyd Webber's haunting melodies in this transfer from London. (028 6200). Gipsy (St James). This 30th anniversary production is a reminder of the power of the original musical with memorable tunes after memorable tunes, as well as a forceful plot about the ambitious stage mother who encourages her daughter into burlesque. (011 620 0000). Metropolitan Opera. James Conlon conducts *Salomé* with Hildegarde Behrens, Helga Dernesch and Peter Kazars in Niklaus Lehnhoff's production. James Levine conducts *Porgy and Bess* in a production supervised by Mark Bramble. (020 8264 0040).

New York

Falsetoland (Lucille Lortel). It will be known as the first musical about AIDS hitting New York but it goes much further than that, showing the effect on a larger circle of people, who include a boy having a MILF and his mother, all three of them (024 5723).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to shake the bones of this inert depot of living, criss-crossing in an elegant, but somewhat random setting (246 0102).

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling. (020 8658 0000).

Les Misérables (Broadway). Victor Hugo's sweep of history and pathos brings lessons in pageantry and drama to Broadway (239 2300).

Phantom of the Opera (Majestic). Starring with Martin Shaw's gilded sets. Phantom rocks with Andrew Lloyd Webber's haunting melodies in this transfer from London. (028 6200).

Kabuki: Performances at Kolonbun-ji centre around a name-taking ceremony for the actor Sanjaku, who follows in his father's footsteps to become Sanjaku III. Both performances (11am, 4.30pm) are mixed programmes, combining drama, spectacles, song and dance. English-language guide in English and Japanese language programme (021 3131).

Tokyo

Kabuki: Performances at Kolonbun-ji centre around a name-taking ceremony for the actor Sanjaku, who follows in his father's footsteps to become Sanjaku III. Both performances (11am, 4.30pm) are mixed programmes, combining drama, spectacles, song and dance. English-language guide in English and Japanese language programme (021 3131).

Cross gained posthumously in

November 23-29

with Priscilla Baskerville, Marvis Martin and Terry Cook. James Levine also conducts Piero Faggin's production of *Un Ballo in Maschera* with André Pápoli and Juan Pons (028 6000).

Chicago

Other People's Money (Royal Court). An corporate take-off, artful Larry "the Liquidator" Garfinkle is played for all his mischievous worse by Peter Van Wagner in Jerry Stiller's funny and telling view of contemporary finance. Directed here by the star of the off-Broadway production, Karen Lynn Gorney (020 8658 0000).

Phantom of the Opera (Auditorium). The midwestern production stars Karen Culliver surrounded by the familiar chandeliers and other heavy duty props in a full blown staging (246 0102).

Lyric Opera. Leo Nucci has the title role of *Rioolito* in Sandro Secci's production conducted by John Flure. Donato Renzetti conducts Andrei Serban's new production of *La Traviata* with June Anderson as Lucia and Alfredo Kraus as Sir Edgar. Civic Opera House (032 2344).

The Supreme Order of the Chrysanthemum, the highest honour of the Japanese Empire, and bestowed on Prince Arthur, Duke of Connaught, sold for £71,500 at Christie's yesterday. It was awarded in return for giving the Order of the Garter to two Japanese Emperors in 1908 and 1912. Just as it is rare for foreigners to receive the Garter, so giving the Chrysanthemum, especially as in this case, from the hands of the Emperor, was regarded as a mark of signal respect.

In the same sale a Victoria

SALEROOM

Save Badminton appeal grows

The chase is on to save the Badminton cabinet for the UK. The highly ornate cabinet, made in the Grand Ducal workshops in Florence in the 1720s for the 3rd Duke of Beaufort, was sold by his successor at Christie's in July for £28,500 to the Polish American, Mrs Basia Seward Johnson. An export licence has been withheld to give a British gallery or museum the chance to raise a matching sum and the Fitzwilliam at Cambridge is spearheading an appeal which has already raised £2.25m.

Yesterday the National Arts Collection Fund announced that it was giving £250,000, equal to its target over eleven years. The Joneses have pledged £10,000, although the price was within the catalogue estimate. "The Coach" by Adolphe Gustave Bénet was within target at £27,400. A pair of Louis XVI console tables also far exceeded estimate at £63,800.

In contrast an early landscape of 1798 by the German artist Caspar David Friedrich failed to sell at £20,000, although the price was within the catalogue estimate. "The Coach" by Adolphe Gustave Bénet was within target at £27,400.

Sotheby's held a routine sale of Chinese works of art which totalled £297,750, but with 27 per cent unsold, a good indicator of trade uncertainty. The dealer Michael Hogg paid £20,000 above estimate for a pair of blue and white vases and covers, of the Kangxi period (around 1700) and a pair of famille rose figures of boys, both 14½ inches high, Qianlong, (mid 18th century) sold within forecast for £14,300.

Antony Thorne

Two Salomes

WASHINGTON AND NEW YORK

The Washington Opera season opened with an uncommonly distinguished performance of *Salomé*. The production, Peter Hall's, has already been seen and admired at Covent Garden, so all I need do is add my grain of fervent admiration for its economy and intelligence of vision, its beauty (desirous by Johnbury), and the dramatic force that stills all questioning and holds one spellbound.

In Washington it was staged by Jeannette Aster, who has worked closely with Hall, and it restrained the three principals - Maria Ewing as Salome, Michael Devlin as John, and Ragnar Ulfung as Herod - who "created" the production in Los Angeles four years ago. Miss Ewing is riveting: wonderful to look at, even more alluringly dressed and coiffed (to judge by photographs) than in the earlier shows, seductive and irresistible, and exciting in every move and gesture - wilful and yet innocent, with the candour of Strauss's "sixteen-year-old chaste virgin and oriental princess". At the close of the Dance she did not fudge the usual moment of nakedness but stood boldly, frontally nude, in bright light, triumphant. Her voice has grown. It rang out in the 2,000-seat Kennedy Center house in a hundred subtle colours. It is not a conventional, even instrument, but something even more exciting: vocal and verbal communication that holds the audience intent on every turn of the drama.

Devlin is a Baptist worthy of his Salome, singing and commanding with kind of crazed, romantically fervent, and sexually exciting as few Baptists are - a gaunt, muscled, virile figure clad only in what the editor *Opera* called a Joktanian strap. Ulfung, at the age of nearly 64, remains clarion-clear and incisive. Joyce Castle's rather coarse Herodias was the only provincial element. The smaller parts were all well played and well sung. Gerard Schwarz's conducting was impetuous but never intrusive.

Meanwhile the Met revived its Nikolaus Lehnhoff production of the opera, new last year, with Hildegarde Behrens replacing Eva Marton in the title role. This was less exciting. Miss Behrens's voice has become a patchwork. She double-declutched to get from register to register, and many little notes got lost on the way. To put things ungallantly, she looked and sounded her age (which is somewhere in the mid-fifties).

Great Salomes need not be young by the calendar - Ljuba Welitsch, Astrid Varnay, and Birgit Nilsson were not when I heard them - if by their voice and art they suggest the youthful princess. Miss Behrens suggested a careful,

scrupulous singer doing her best. Gil Wechsler's

neck to ankle in fishnet white robes stood and delivered, stentorian. Richard Cassilly, only months younger than Ulfung, seemed similarly agreeable, and his Herod was also powerful. Helga Dernesch's Herodias was shamelessly eye-catching and ear-catching as by large gestures and interpolated cackles and cries she drew attention away from whoever was singing.

I liked this production - set in the squalid

boiler-room of a glittering New York palace - when it was new, but it has not worn well. Its eccentricities - and departures from Strauss's clear instructions - make their point only when the ensemble execution is sharply focused. This time round, the stage around the principals seemed to fill with aspirant bit-part singers moving by the book, eyes on the conductor, eager to demonstrate the size of their voices. James Conlon conducted. (I went on a night when his mind was probably filled with his forthcoming *Semiramide*, by then in busy rehearsal.) The orchestral sound was of superior sound sounded strangely bland.

Andrew Porter



Maria Ewing: riveting

Rossini & Mendelssohn

ROYAL FESTIVAL HALL

Opera in Concert, an enterprise that set itself up in business last year with a concert performance of Verdi's *Gianni di Parma*, presented the London Philhar

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Wednesday November 28 1990

The task for the new PM

PERHAPS THE most jarring moment of the Tories' six-day war came when Mr Michael Heseltine marvelled that it had taken him only a week to topple Labour from its lead in the opinion polls. But the prime minister-elect should spend only a little time enjoying the honeymoon and none at all contemplating an early general election. Mrs Thatcher has bequeathed her successor more than a problem of tone and party disunity. Her administration had run out of steam. It will take more than a reasonable manner to restore its momentum.

Mr Major's first task is to choose his cabinet. He will be right to choose a team capable of uniting the party and wrong to restrict his rewards to his backers in the campaign.

The case for keeping Mr Hurd at the foreign office, given the Gulf crisis, is overwhelming. But for the Treasury, Mr Major has a number of options. Mr Chas Patten and Mr Kenneth Clarke are perhaps the two most able figures of Mr Major's own generation in the outgoing cabinet. The fact that both men supported Mr Hurd is irrelevant. Either would be a credible chancellor, as would the chief secretary, Mr Norman Lamont.

It also seems likely that Mr Heseltine will be offered a job. The party chairmanship suggests itself, but that may not be enough for the man who has had to settle for being kingmaker. Another possibility would be the Home Office, where another of Mr Major's backers, Mr David Waddington, would not be sorely missed.

Immediate priorities

Once he has got his cabinet, Mr Major must take a hard look at policy. The immediate priorities are obvious: poll tax, Europe and the economy.

On poll tax, there must be a commitment to a more progressive impost, although Mr Major was right during his campaign to avoid specific proposals. The last thing the Conservative party needs is an ill-judged reform of an ill-judged tax.

Britain's European partners are likely to allow the author of the hard Ecu plan to keep it as part of an agreed progress towards monetary union. But

he will have to accept the ultimate goal of a single currency as well. At the same time, Mr Major will need to place his personal stamp on the political union debate and provide a landmark as tall as Mrs Thatcher's Bruges speech to convince his domestic and European audiences that Britain is at last on board the European express.

Significant challenge

Europe will also present the new prime minister with what will probably be his first significant challenge. The Uruguay Round of international trade negotiations is to close next week. At the moment, it is likely to fail. If so, the EC's muddled position on agricultural policy will get the blame. Mr Major will have to fight as hard as his predecessor, but more effectively, to change that.

Mr Major will not need any briefing about the economy. Here the options are narrow and the risks of electoral embarrassment considerable.

The new chancellor will have his nerve tested on interest rates in what increasingly feels like a rather nasty recession and he will also find obstinately high German interest rates cramping his room for political manoeuvre.

This may seem like a big enough agenda for a new prime minister. But he cannot simply hope that competent leadership in these areas will keep him in Downing Street, since there is no chance that the economy will deal the Conservatives an electoral ace.

The missing dimension in the Major manifesto has been any sense of where he wants to take the party. It is all very well to say that he wants the welfare state to be better run, but how? What does he have in mind about infrastructure and about local government? Will he uncork the potential of Thatcherite liberalism in the field of devolved government, a more effective role for parliament and reform of the Upper House? Is he, perhaps, the man to open the door to proportional representation in European elections? It is time for Mr Major to start working on the party's general election manifesto. There is much to do.

Resolution on Iraq

IT IS now nearly four months since Iraq invaded Kuwait. The immediate reaction of the outside world was on the whole united. Through the United Nations, it was to condemn the invasion, to call for an Iraqi withdrawal, to impose economic sanctions to help bring that about and to allow enough military forces to be in place to be used if economic measures proved inadequate.

Some of the initial objectives have been achieved. Just after August 2, when the Iraqi invasion took place, it seemed possible that Saddam Hussein might extend his aggression to at least parts of Saudi Arabia. The prompt response, especially by the United States with the backing of the Saudi government, removed that option. It is also probable, though hard to demonstrate in detail, that economic sanctions have had some effect. Iraq has not been able to export its oil; it has been unable to borrow on the international markets. Yet the fact remains that nearly four months on Iraq is still occupying Kuwait.

That is why moves are now in train to introduce another resolution of the United Nations Security Council that would be both tougher and more specific than anything that has gone before. The resolution, expected to be proposed tomorrow, will not only seek endorsement for the possible use of force; it will set a deadline for Iraqi withdrawal.

General principle

There has been some discussion whether the deadline should be January 1 or January 15. The precise date, however, is less important than the general principle, and there need be no automaticity in war starting the day after Iraq has failed to comply. The points at issue are whether setting a deadline might encourage Iraq to draw back, and whether the outside world is in a position to take effective action if Iraq does not.

In seeking to answer these questions, it is worth recalling what the dispute is about. Iraq committed a blatant act of aggression. It was the first such major act in the post cold war age. The ending of the cold war meant that the five permanent members of the Security

Committee. Within a fortnight, the most commanding peacetime prime minister of this century has been replaced, after two ballots of her peers, by a promising nonentity. The Conservatives jettisoned Mrs Margaret Thatcher because her unpopularity threatened to drag them down.

They have adopted Mr John Major partly because she supported him, partly because he has done a number of ministerial jobs without putting a foot wrong, but mostly, I suspect, because he is universally liked, a nice guy who has enjoyed rapid promotion and threatens to do no one any harm. He may even turn out to be another living wonder, although this is not widely anticipated.

Translating what has happened into plain American, we have dumped Reagan, and picked up, some sourpusses think, Dan Quayle – but in my view we have probably got a young George Bush. For the signs are that Mr Major is no more a captive of the Tory right than President Bush is of the wilder Reagans. My analogy cannot be stretched too far, since Mr Bush is of the upper-crust, while Mr Major, as everyone in Britain should know, is of humble origins.

Perhaps I should have said that the great leader Franklin D. Roosevelt had suddenly gone, so who is this Harry Truman, and how will he turn out?

Not even his best friends claim that they can at this early stage discern in Mr Major qualities of the sort that President Truman displayed. The president who surprised the world nearly half a century ago came to power in the closing year of a particularly horrendous war, and was tested early on by being confronted with the decision to use the atom bomb. Yet Mr Major may be tested pretty sharply too, if there is a Christmas war in the Gulf.

It would be a help, if that happens, to have Mr Douglas Hurd as his foreign secretary, but at the end of the day it is the new prime minister himself who will have to be on the line to Washington, and it is he who will bear the responsibility for shouldering the burden of the British casualty count.

His personal response to such a foreign crisis will be observed when the time comes; no more can be said about it now. We can, however, look at the peacetime tasks that lie before him.

The first is the establishment of a new government. He will do this as he does everything else, using his proven sensitive political antennae to ascertain

The new cabinet will be the initial indication of how much Mr Major is in charge of his own agenda, and how much, or little, heed will be paid to the voice of his predecessor

tain what ministerial team will most establish party unity and, more pointedly, which set of ministers will produce the best chance of winning the next general election. This cabinet-making will be the initial indication of how much Mr Major is in charge of his own agenda, and how much, or little, heed will be paid to the voice of his predecessor if she plays the role of back-seat driver. Those who know him well suggest that he will be anxious to demonstrate that it is he, and he alone, who is behind the wheel.

I make no predictions as to individuals, except to retain the guess, available wholesale in Westminster this week, that the job of party chairman, plus seat in the cabinet, may be

42 of the UN Charter.

It is also worth asking how the UN would look if it biffs and puffs, passes resolutions yet in the end allows the aggressor to get away with his gains. The answer lies in the proverbial Chinese phrase: it will not only look like a paper tiger; it will be a paper tiger. The invitation to future potential aggressors will be open.

Subsidiary question

There is a subsidiary question about the United States and its main allies. Some Americans have complained that they have not received as much support as they might have done from Japan and Germany and even from Europe in general. That is a subject that may have to be dealt with later, yet it can hardly be said that European support is negligible: the Japanese have helped financially. For America and its allies to back down now, when they have the now-lutions of the UN behind them, would be to undermine any new world order before it has been established. It would also place very serious question marks over the role of the US in the world at large.

Only the military commanders can satisfactorily answer the question whether the allied forces have the capability to drive Iraq out of Kuwait if diplomacy and economic sanctions have been shown to have failed. But given the amount of hardware and manpower now in place, as well as the unity that has been maintained between such a large number of diverse states, we must be reaching the stage where some military action is feasible. It is desirable to obtain wide international sanction for the use of force, not least to make the threat to Saddam Hussein more credible. It would also ensure that any use of force would reflect a global consensus rather than a unilateral US decision.

In seeking to answer these questions, it is worth recalling what the dispute is about. Iraq committed a blatant act of aggression. It was the first such major act in the post cold war age. The ending of the cold war meant that the five permanent members of the Security

contract and, to everyone's horror, rip it to shreds – then magically restore it, to the delight, relief, amusement and perhaps applause of the entire room!

Marvin's Magic, we are told, is increasingly in demand to conjure up ways of bringing a novel and light-hearted touch to boardroom speeches, sales presentations and meetings.

Strikes me that this is pretty junior stuff compared with the juggling of figures and levitation of share prices to be seen most days in the City.

But if there is anyone out there feeling inadequate in the Black Arts department, Marvin's Magic is giving demonstrations of its executive tricks today and for the rest of the week.

The venue is Harrods.

Red chip

■ The future for the securities industry is brighter in Moscow than in London or New York, judging by interest in a new manual for budding Soviet stockbrokers.

Called The Securities Market: a Guide to the Brokerage Profession, the 600-page textbook is a Russian-language adaptation of the handbook used by students enrolled in the Canadian Securities Course.

The project is the brainchild of Dr Boris Alekhin, a former researcher at the USSR Academy of Sciences in Moscow and more recently visiting professor at the business school of Dalhousie University in Halifax, Nova Scotia.

Alekhin says he got the idea during a visit last year to RBC Dominion Securities, Canada's biggest brokerage firm.

Since then, he has set up a consultancy in Moscow (named, appropriately, Russia Securities) to advise people on the ins and outs of the stock markets.

■ Marvin's Magic has launched an executive service telling captains of industry how they can put tricks to use in the course of their day-to-day business.

"Imagine the situation," says the publicity blurb. "A stuffy executive boardroom... international businessmen... a delicate negotiation... finally, you pick up the all-important

contract and, to everyone's horror, rip it to shreds – then magically restore it, to the delight, relief, amusement and perhaps applause of the entire room!

Marvin's Magic, we are told, is increasingly in demand to conjure up ways of bringing a novel and light-hearted touch to boardroom speeches, sales presentations and meetings.

Strikes me that this is pretty junior stuff compared with the juggling of figures and levitation of share prices to be seen most days in the City.

But if there is anyone out there feeling inadequate in the Black Arts department, Marvin's Magic is giving demonstrations of its executive tricks today and for the rest of the week.

The venue is Harrods.

■ On the playing fields of France, all is well. The country's national soccer team has left behind its ignominious failure to qualify for this year's World Cup finals and is proudly parading the longest unbeaten record in Europe.

Off the field, however, all is darkness. Half the clubs in the football league are losing money – the record is currently held by Bordeaux, with

The new prime minister has had a rapid rise through Conservative ranks, but will he be his own man, asks Joe Rogaly

Will the real Mr Major stand up



John Major: he may turn out, like his political mistress Mrs Thatcher, to be another living wonder, or he may turn out to be a British George Bush

issue, scrawling her comments on everything, vetoing this, insisting on that, overshadowing all.

The new prime minister entered parliament when the old one entered Downing Street. In all his appearances to date, Mr Major has been the antithesis of his political mistress. Where she has courted conflict, he has sought a deal; where she has disdained the hatred of her opponents, he seeks to be liked by everyone. The new prime minister is a hard worker, a friendly chap, a strong debater, intelligent if not excessively burdened by a wide range of knowledge, a solid conservative with his heart in the right place on issues such as racial discrimination and care for the worst off. He is all of those things, but he is not her.

This is not to say that the policies put in place over the past 11 years will be abandoned. Some of the wackier notions of the Thatcher cult, particularly those developed during the infamous year-and-a-half of hubris, July 1987-December 1988, will be quietly filed away, but the essence of the strategy – privatisation, fiscal discipline, and a progressive extension of the prerogatives of the consumer – will be maintained.

Thus education vouchers and the extension of tax relief to more buyers of private medical insurance are ruled out; the experimental scheme that turns public housing rents into mortgage payments, and thus tenants into owners, could be turned into a useful item in the next election manifesto if the cautious Mr Major is satisfied

with the figures.

It is plain that the election will be fought on bread-and-butter issues. When I interviewed him on Monday the new prime minister – then still chancellor of the exchequer – indicated that the central issues that always determine elections in this country are the economy, interest rates, mortgage rates, the retail price index, pensions, social services, and social security. This also constitutes a list of his previous job responsibilities in government. He should be good at them, or at the least good at ensuring that his ministers are.

Ah-ah, you say – but what about Europe? With negotiator Major in charge the Conservatives stand a chance of getting through even that more or less unscathed. There may be tense moments in the intergovernmental conferences (IGCs) on European political, economic and monetary union due to start in Rome on December 14, but a bridge of fudge between the Franco-German and the British positions should not be impossible to design.

It would be quite amazing if, after all the infighting among Conservatives about the EC over the past few months, Mr Major would risk another outbreak by coming home from the IGCs in high dudgeon, isolated and furious. That is not his way. Only Mrs Thatcher could upset the apple-cart, in a Bruges speech from retirement.

All of this leaves the Labour organisation in something of a quandary. It no longer has Mrs Thatcher to frighten the voters with. It now faces a young prime minister who left school at 15 to help support his family, an evocation of the American presidential dream. His record shows not only some genuine adjustments of policy in favour of the worse off, but also a wily understanding of how to prevent rather harder strategies in a favourable light.

"What materialism means for many people," he said at the party conference a few weeks ago, "is that they are better fed, better clothed, better housed than ever before. They own homes, cars, washing machines and televisions, on a scale earlier generations never dreamed of...."

Labour's obvious reply is that little attention has been paid to market failure. The opposition had better watch out on education – Mr Major clearly plans to attempt to outflank them there – but on the environment, health, city centres, transport infrastructure, and similar areas Labour can plausibly argue in favour of public provision on the ground that the private sector acting alone is inadequate.

It should do well on that ground alone. Then, the case for voting Labour next time would be that it is newly-established as one of two large non-ideological parties in a disparate coalition to be better managers of the social market economy, the Tories presumably by being free of ideology. It might therefore reasonably expect a chance to consolidate the new bi-modal nature of British politics. I doubt it.

What is in question is whether the leader of the Labour party, Mr Neil Kinnock, will prove adequate to the task of selling his own simple message of better communal provision and not too much incremental taxation. I have great admiration for Mr Kinnock's demonstrated skill in reshaping his party, but his well-known verbosity is a handicap, both for himself and for Labour. We are not talking about political giants here.

No contemporary British party leader is that, following Mrs Thatcher is back in pygmy-land. But the Tories may have convinced everyone that there has by some miracle been a change of government and show, as they began to do last night, that they are solidly behind their new, unarguably competent, leader. How Labour supporters must envy them.

OBSERVER



"It's the honeymoon period"

Soviet enterprises are willing to pay "a huge amount of money just to know the difference between a bond and a share," Alekhin says.

He adds that Russia Securities' first contract – with a petrochemical company – was worth more than the firm's initial paid-up capital of Rbs 50,000.

The textbook goes on sale in January, with Alekhin expecting sales to reach 30,000 copies.

His publisher – Finansy y Statistika of Moscow – has already asked him to start work on a second edition.

The project is the brainchild of Dr Boris Alekhin, a former researcher at the USSR Academy of Sciences in Moscow and more recently visiting professor at the business school of Dalhousie University in Halifax, Nova Scotia.

Alekhin says he got the idea during a visit last year to RBC Dominion Securities, Canada's biggest brokerage firm.

Since then, he has set up a consultancy in Moscow (named, appropriately, Russia Securities) to advise people on the ins and outs of the stock markets.

■ Marvin's Magic has launched an executive service telling captains of industry how they can put tricks to use in the course of their day-to-day business.

"Imagine the situation," says the publicity blurb. "A stuffy executive boardroom... international businessmen... a delicate negotiation... finally, you pick up the all-important

contract and, to everyone's horror, rip it to shreds – then magically restore it, to the delight, relief, amusement and perhaps applause of the entire room!

Marvin's Magic, we are told, is increasingly in demand to conjure up ways of bringing a novel and light-hearted touch to boardroom speeches, sales presentations and meetings.</



FINANCIAL TIMES

Wednesday November 28 1990

Balfour Beatty

are building
0932-231055
A BICC Company

Gorbachev gets tough with Iraqis

By Leyla Boulton in Moscow

MILITARY force will be used against Iraq if necessary, Soviet President Mikhail Gorbachev said yesterday, and he warned Baghdad not to test the world's resolve to expel it from Kuwait.

The Soviet leader's toughest remarks yet during the Gulf crisis followed talks on Monday with Mr Tarek Aziz, the Iraqi foreign minister. Mr Gorbachev said the talks were "difficult" and would even say harsh.

Speaking to journalists, he said: "I stated once more: 'Do not count on our retreating because we will not retreat. This is a matter of principle for us'." He said Iraq was still waiting for "the nations of the world to quarrel" but that it would ultimately be forced to pull out of Kuwait.

Speaking in the halls of the Russian Federation parliament, Mr Gorbachev put his opposition to Iraq's annexation of Kuwait in the strongest terms. "All of a sudden, a state barely out of a war, a neighbouring state, an Arab power, just grabs, annexes its neighbour. What kind of policy is this?"

United Nations Security Council members were yesterday finalising the text of a resolution allowing for an eventual use of force, but had proposed the latest deadline to accommodate Soviet objections.

Mr Vitaly Ignatenko, the Soviet president's spokesman, said the Soviet Union would vote "for language that will envisage a clear-cut deadline from Kuwait and the liberation of hostages". "Otherwise, appropriate measures will be taken," he added.

Mr Gorbachev, asked whether the UN decision could involve military action, replied: "It will be very harsh, but it will be decided collectively, not by you or me." The Security Council is expected to approve the resolution at a meeting tomorrow. However, a deadline of January 15 is likely to be set for

Iraqi withdrawal rather than the January 1 limit sought by the US.

Mr Roland Dumas, French foreign minister, said in Paris that France backed a resolution authorising an eventual use of force, but had proposed the latest deadline to accommodate Soviet objections.

Mr Gorbachev said a conflict in the Gulf could also destroy "the whole new world order".

"Tell me how can war be explained now, in a situation where the world is turning towards new relations, when we are leaving the Cold War behind us... The situation could explode not just there but the whole new world order could be blown up."

The Middle East, Page 5

Toyota to double capacity of Kentucky car plant

By John Griffiths in Tokyo

TOYOTA is to spend \$800m to double the capacity of its US car assembly plant in Kentucky to 400,000 a year.

The announcement is certain to generate sharp new controversy over both its timing and the alleged damage being inflicted on the indigenous US automobile industry by Japanese vehicle "transplants".

The announcement comes against the background of an already weak US new car market and declining profits for General Motors, Chrysler and Ford, but with Toyota, Nissan, Honda and other Japanese producers continuing to make strong sales gains.

What is likely to be regarded as particularly provocative, however, is that it follows by just two days publication of a US General Accounting Office (GAO) report concluding that the presence of the Japanese "transplants" resulted in a net loss of more than 40,000 jobs in the indigenous US vehicle and components industries in the period 1982-89.

Mr Shouhei Kurihara, executive vice-president of Toyota Motor Corporation, acknowledged that the timing of the announcement was "difficult" in terms of market conditions.

However, the decision had been reached over a period of some months.

The Kentucky move is bound to strengthen the view of European motor industry analysts that the £700m (\$1.3bn) car plant Toyota is constructing at Burnaston, Derbyshire, in the English Midlands, to make 200,000 cars a year, is only the first step, with capacity also likely to be doubled at a later stage.

While declaring that the expansion of the US plant - at Georgetown, Kentucky - should increase the percentage of US-made vehicles Toyota sells in the US, Mr Kurihara gave no guarantees that there would be a proportionate decrease in the number of cars Toyota exports to the US from Japan.

This year Toyota expects to sell about 1m cars and light pick-ups in the US - of which some 700,000 will be made up of imports.

Currently Toyota produces 200,000 Camry sedans a year at Georgetown, plus 100,000 smaller Corolla models at New United Motor Manufacturing (NUMMI), a joint venture operated with General Motors in California.

Nummi produces a further 100,000 similar cars per year which are sold by GM through its own dealerships as the Geo Prism. From next year, Nummi is also to start producing 100,000 Toyota-based pick-ups annually.

Not all of the Kentucky output is sold in the US, however. About 10,000 units a year are currently being shipped to Taiwan and 40,000 a year are due to be exported to Japan starting in late 1991.

Mr Kurihara said that the additional Georgetown capacity would create "at least" 1,500 jobs in the US industry.

Construction is to start in spring next year, with the first cars due to come off the line at the end of 1993. The \$800m investment will bring to nearly \$2bn the total invested by Toyota at Georgetown plant, which was first established in 1988 and which is operated by a wholly-owned Toyota subsidiary, Toyota Motor Manufacturing (TMM).

Mr Kurihara said that Toyota's aim was to reach at least 75 per cent US content for the cars currently produced at Georgetown are claimed to have 65 per cent "local" content.

However, Toyota asserts that since production first

started at Georgetown in 1988, purchases of US parts and materials have risen sharply and will have totalled more than \$700m by the end of 1991.

The Georgetown project is the latest, and easily the largest, of several recent Toyota investments in the US. Last year it announced a \$144m expansion of its research and development facilities in California and Michigan.

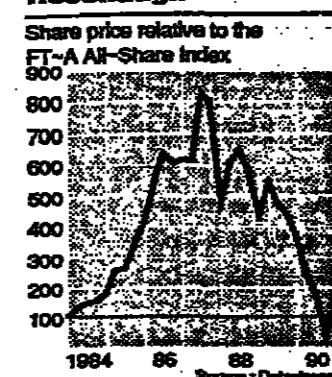
In the first six months of

this year, Japanese "transplant" production rose by 17.8 per cent to 669,000, whereas total US output fell by 16.8 per cent to 3.19m.

THE LEX COLUMN

Good fun while it lasted

Rosehaugh



market by 17 per cent. The sector cannot go on indefinitely, but there is no reason to suppose Allied should perform worse than its peers.

Northern Foods

The way to look really good is to produce double-digit growth when the market is struggling. While food manufacturers have been demonstrating the sector's defensive qualities by increasing earnings by around 5 per cent, few have produced anything like yesterday's classy interim figures from Northern Foods: earnings per share up 17 per cent, dividend up 14 per cent and operating margins significantly improved at 8.5 per cent.

Fresh foods remain the engine while under-performing areas have been tamed back. Better still, there are no black clouds now the venture into the US is history.

It is hard to dispute that Northern is very well balanced and financed. On forecast profits of £103m for the full year and assuming a 14.5p dividend, the shares at 35p are on a p/e of 10.5 times. But they have outperformed the market by nearly 30 per cent in the last year, so the excitement may be over for now.

Rosehaugh

Last year, it looked as though the bear market in commercial real estate in the UK would be painful but brief. A short, sharp shock before capital values started forging ahead again. The message underlying yesterday's 12.6m pre-tax loss from Rosehaugh is much less palatable. Mr Bradman has £250m of net debt on his group balance sheet, annual running costs of £26m, and probably only 28m of rents

coming in this year. It is self-evident that if he is to keep going he still has a lot of property which must be sold, starting with his brand-new shopping centre in Torquay. In present market conditions, this is going to be a long, laborious slog not just for Mr Bradman, but also for all the UK's other little Rosehauchs, whether private or public.

To be fair, Mr Bradman has already disposed of £135m of properties in the last 18 months, a more rapid rate of sale than many expected at the time of last January's rights issue. But the disposal process raises questions of its own about what shareholders are going to be left with at the end of it. If Mr Bradman trades out the vast bulk of his development portfolio, Rosehaugh will be reduced to little more than a quasi-investment trust, with one big, potentially valuable, but rather illiquid asset: its 50 per cent stake in Rosehaugh Stainmore Developments, which owns Broadgate but could still have £1.65m of debt by mid-decade. At that point, shareholders will have to ask themselves whether Rosehaugh's continued existence makes sense at all.

Angyll Group

The market has become so biased about the solid earnings growth of the UK food retailers that Angyll's interim results caused little stir. A 21 per cent rise in pre-tax profits to £42.1m, a 16 per cent dividend increase, plus a confident trading statement, and still the shares did not budge. Apparently, they have outperformed the market by close to a third over the last year and the management has a reputation for not disappointing. Nevertheless, if Angyll really can maintain this sort of growth during what could be a long recession, the shares deserve to be trading on a higher multiple than those of a competitor like Asda, which has yet to prove its reliability.

Much of the trebling in Angyll's profits over the last three years has resulted from integrating and upgrading the Safeway acquisition. It now has to prove it can grow its business rather than just re-organise it. If it can, the gap between its rivals and that of Sainsbury and Tesco should narrow some more. Meanwhile, its gearing may be rising. But a year-end figure of 20 per cent remains reasonably conservative compared with the competition.

GLOBAL EXPERTISE

Fidelity Funds. The investment range for today's markets.

With heightened volatility in world stockmarkets challenging even the most astute international investor, investment flexibility, choice and first-class fund management expertise are now more important than ever.

That's just what Fidelity Funds offer.

Our global investment range is one of the most comprehensive available and provides investors with unrivalled opportunities for international investment.

With Fidelity Funds you have the choice of where, when and how to invest - around the world - backed by the global investment expertise of the world's largest independent investment management organisation.

For a prospectus and further information contact any of the Fidelity offices listed below.

A WORLD OF CHOICE		
Major Markets	Country Sectors	Region
America	ASEAN	Asia
Europe	France	
Japan	Germany	
South East Asia	Hong Kong	
	India	
	Italy	
	Malaysia	
	Nordic	
	Singapore	
	Taiwan	
	United Kingdom	
	Europe International	
	Europe Sectoral	
	US Online	
	Yen	

London: Hilary Smith 44 71 283 9911 Hong Kong: Richard Westcoat 852 848 1700
Munich: Stanley Bronisz 49 89 33 6203 Amsterdam: Teun Scheer 31 20 710 976
Taipei: Sonita Lee 886 2764 8951 Jersey: Geoffrey Tait 44 334 71696
Bermuda: Mike Sommerville 1 809 295 0665

Fidelity Investments
Issued by Fidelity International Management Holdings Limited

Oil import costs lift US trade deficit

By Peter Riddell, US Editor, in Washington

THE US trade deficit worsened sharply in the latest quarter, pushed up by the increased cost of oil imports and sluggish exports.

Meanwhile, consumer confidence is continuing to slide and is now nearly down to the same levels of the last recession.

The merchandise trade deficit widened to \$29.75bn in the July-September quarter from a revised \$23.1bn in the second quarter, according to the Commerce Department.

The increase was mainly because of a 5 per cent rise in imports, although exports rose by 0.6 per cent after having risen steadily in previous quarters.

The value of imports of petroleum and related products rose by 29 per cent during the quarter.

By volume, daily oil imports increased 3.1 per cent over the period while the average price of a barrel of imported oil

increased to \$24.37 in September from \$14.77 in July.

The Conference Board, a business research group, reported yesterday that its monthly consumer confidence index dropped to 61.5 in November, down from a revised 62.8 last month (185-100), compared with a level of 115.1 a year ago.

The index is widely taken as a reliable pointer to future business conditions.

The National Association of Business Economists also reported yesterday that in a survey of 51 professional forecasters, three quarters said the US was already in recession, although some two thirds believed the contraction would be mild and would be over by early 1991.

Depending on the level of oil prices, it has talked of a recovery from the middle of next year.

There is likely to be growing pressure on the Federal Reserve, the US central bank, for a further cut in short-term interest rates as well as calls for measures to assist growth to be included in the administration's budget in two months.

The board notes that the detailed responses show that Americans have become less

confident about both current and future business conditions, while indicators of plans to buy homes and big household appliances have also weakened slightly.

Mr Fabian Linden, executive director of the board's consumer research centre, commented that the index had "fallen to recession levels and is now only marginally above the figure recorded during the lowest point of the 1982 economic downturn".

While rising unemployment and higher prices have made consumers uneasy, the weakening of the economy has been relatively moderate, he said.

"It certainly has not been of a magnitude that would explain the plunge of more than 40 points in consumer confidence since July.

"It is likely that the Gulf crisis and pending tax increases have contributed to the precipitous decline in consumer spirits," he added.

US may allow greater foreign investment in airlines

By Nancy Dunn in Washington and Nikki Tait in New York

THE US may relax the rule which holds foreign investment in US airlines to a maximum of 25 per cent. Such a move would represent a significant change of heart by the Bush administration and could hasten the consolidation of the world airline industry.

US Transportation Department experts are studying options, according to Mr Jeffrey Sharpe, assistant secretary. Their conclusions are expected in a few weeks, to be followed by policy recommendations.

Mr Sharpe said it was unclear how much could be achieved through administrative action, without a change in US law.

"We need to know how much capital is out there if all the wraps were taken off tomorrow," he said. "Some judgment must be made about whether this would produce any net

under pressure to liquidate from some creditors; Pan Am, which has not found a US merger partner - and Continental, have been selling assets.

Yesterday, the Air Transport Association, the industry's trade association, declined to comment on the possible move, saying its members had mixed views on the issue.

Mr Sharpe said any rules must not compromise national security nor harm the prospects for further liberalisation of international air services.

The US airline industry, badly hit by higher fuel prices, is expected to lose around \$1.5bn this year.

Some carriers are financially vulnerable: Eastern Airlines, which is in Chapter 11 bankruptcy proceedings, has been

under pressure to liquidate from some creditors; Pan Am, which has not found a US merger partner - and Continental, have been selling assets.

Yesterday, the Air Transport Association, the industry's trade association, declined to comment on the possible move, saying its members had mixed views on the issue.

Mr Sharpe said any rules must not compromise national security nor harm the prospects for further liberalisation of international air services.

The US airline industry, badly hit by higher fuel prices, is expected to lose around \$1.5bn this year.

Some carriers are financially vulnerable: Eastern Airlines, which is in Chapter 11 bankruptcy proceedings, has been

</

INTERNATIONAL COMPANIES AND FINANCE

Receivers present report on NFH

By Hilary Barnes in Copenhagen

THE EQUITY capital of Northern Feather Holding (NFH), the Danish company whose collapse has badly shaken the Danish business world, will probably be negative when the accounts have been completed.

That is the conclusion of a preliminary report to creditors by the receivers appointed last week by the Maritime and Commercial Court in Copenhagen. NFH is the parent company of Northern Feather, the bedding and household textiles group.

NFH went to the court on November 19 following the suicide of Mr Johannes Petersen, its executive chairman on November 17.

NFH is one of Denmark's oldest companies. Its turnover

last year was about Dkr2.6bn (\$455m) and it had 4,200 employees worldwide and manufacturing subsidiaries in the US, UK and Germany.

The receivers' report reveals some highly creative bookkeeping, which turned a large loss for the year to end-March to a sizeable profit, but the report gave no indication of the possible extent of the losses to creditors if the group goes into liquidation. Total group liabilities at March 31 were Dkr3.65bn.

The leading Danish banks are understood to be among the main creditors, but about 40 foreign banks also have claims on the company.

Several respected Danish business figures, who were members of NFH's supervisory board, have said that Mr Petersen

misled them as to the true state of the group's finances.

Commentators and analysts have pointed out that frequent changes of accounting principles, as well as company auditors, over a period of several years should have alerted board members and the financial world that something was seriously wrong.

NFH told the Copenhagen Stock Exchange on September 28 that in the year to March 31 it made a net profit of Dkr36m and its equity capital was Dkr358m.

This "did not give a true and fair picture," the receivers said.

The group's own financial department reported a loss of Dkr349m and equity capital of only Dkr1m before "special

group postings" improved the appearance of the accounts.

On September 25, Mr Petersen told a meeting of shareholders that 52 per cent of the equity in Northern Feather International of the Netherlands was sold to foreign investors for about Dkr500m.

It is doubtful whether this share transfer was carried out or, if it was, whether it is legally binding, the receivers said.

The group's collapse was precipitated by reports that three international textile companies which, according to Mr Petersen, were investing in NFH as part of a strategic alliance, had not, in fact, agreed to buy equity.

MCA sale is a

reel big earner

R MCA chairman and chief executive officer, Mr Lew Wasserman, (near right) stands to receive about \$330m from the sale of the Hollywood entertainment group to Matsushita, the Japanese electronics concern.

On Monday Mr Akio Tamai (far right), president of Matsushita, appeared on screen before journalists in Tokyo to announce that the Osaka-based company was off buying MCA for \$1.1bn, the largest US corporate takeover ever this year.

The takeover calls for a payment of \$66 a share to MCA shareholders plus a separate stock in MCA's subsidiary worth \$5 a share.



Stake sold in Spanish sugar

SUCRE UNION and Générale Sucrerie, French sugar producers, Tate & Lyle of the UK and E.D. & F. Man, the UK sugar brokerage, have bought a 21 per cent stake in Spain's second-largest sugar manufacturer, Sociedad General Azucarera de Espana.

Gruppo Saint Louis, the French food group which owns Générale Sucrerie, said a jointly owned company would hold the stake. SGAES has a European Community production quota of 230,000 tonnes.

Cagliari Enimont nomination vetoed

By John Wyles in Rome

MR FRANCO PIGA, Italy's minister for state shareholdings, yesterday vetoed the nomination of Mr Gabriele Cagliari, the president of ENI, the state energy group, to the presidency of Enimont, the chemicals group.

At a meeting with the ENI executive, Mr Piga said there were clear rules governing the holding of more than one top managerial position in the public sector and these prevented Mr Cagliari from taking charge

of Enimont. ENI is to spend L4.200bn (\$3.75bn) acquiring the 40 per cent stake in Enimont held by Mr Raul Gardini, the president of ENI, the state energy group, to the presidency of Enimont, the chemicals group.

ENI was due to announce later yesterday the nomination of many of its top executives to the Enimont board in the wake of the acquisition. These should not run into the same difficulties with the rules.

Mr Piga said yesterday that Enimont was in need of strong leadership and a president should be appointed within a maximum of two weeks.

He added that Enimont must be managed like a quoted company and should pursue international alliances. Its future should not be that of a "state chemicals company" and, when the conditions exist, "it will return progressively to the market with a flotation of a certain weightiness".

Investing in India's economic future



Basant Kumar Birla: an ambitious blueprint

CONSERVATIVE economists issue dire predictions of looming hyperinflation in India. The Indian ministry of finance announces the country has barely enough foreign exchange reserves for 10 days' worth of imports.

The energy secretary warns of large power cuts. International bankers stay away from lending to a country riddled with political uncertainty.

In the middle of India's worst economic crisis, Mr Basant Kumar Birla, head of India's second biggest business house, said he was "optimistic about the economy." And he was willing to stake his money on it: he is proposing to invest Rs15bn (\$832m) on four big greenfield projects.

Agreeing that certain sectors of the economy did not look so good, the patriarch of Indian industry ticked off some of the good points: "Look at the stock exchanges. They are up, not down. Investors are happy. By and large companies are making profits, so shareholders are also happy. I do not subscribe to the view that India is facing the worst economic crisis since independence."

Despite political uncertainty and dire warnings of hyper-inflation, businessman Basant Birla remains optimistic, Gita Piramal reports

Even as most Indian industrialists put their projects on ice until the political situation is clearer and they know whether their favourite politicians and bureaucrats have found a place in Mr Chandra Shekhar's Congress party-backed administration, Mr Birla is putting the finishing touches to an ambitious blueprint which envisages heavy investments in power, cement, polyester and tyres.

Of the Rs15bn investment, more than half (Rs8bn) is earmarked for a 440mw thermal power station in Rajasthan, for which the Birla group has already signed a memorandum of understanding with the state government.

Already one of the largest cement manufacturers in the country, producing over five million tonnes/annum or 11 per cent of India's total production through eight units scattered across the country, Mr Birla expects to spend Rs2.5bn on adding to the group's existing capacities.

Through one of its flagship companies, Century Enka, Mr Birla is planning to invest Rs2.35bn in a polyester filament yarn project in a joint venture with Akzo Fibres and Polymers of the Netherlands. Another Rs2.25bn will go towards funding the first phase of a tyres and tubes plant on a site at Balasore (in the state of Orissa) in collaboration with Italy's Pirelli.

Most of the nine companies under Mr Birla's management, with combined post-tax profits of Rs1.4bn from sales of Rs17bn, have chalked out their own investment strategies for expansion. Other companies of the diversified, 43-company group, which notched up sales of Rs45bn last year, have their own capital-hungry agendas. A rough estimate reveals the group will probably spend over Rs50bn on building refineries, petrochemical complexes and more cement plants.

MasterCard International, the plastic card company, is increasing its membership rates for members joining after November 15 to one and a half times those for existing members. This is intended to reflect the value of earlier members' investment in the card system, writes David Lascelles.

Fees will also be based on the use which members make of the system rather than on their asset size as in the past.

Cepsa, the Spanish oil refining company, will offer a rights issue valued at Pta14.9bn (\$157m), the company said yesterday. The rights issue is a one-for-five share offering with a nominal value of Pta50 a share, Reuter reports.

The rights issue is aimed at

Cross-selling fails to motivate the salesforce

William Pitt reviews the plans of Europe's banks and insurers to sell each others' products

odically reviewable rather than indefinitely binding as now.

The French insurers' association, the Federation Française des Sociétés d'Assurances, is not commenting publicly on the progress of the negotiations. But the representatives of France's 21,000 agents must be proving hard to convince late last year, the FFSa predicted an outcome by July this year and that has yet to materialise. Both sides have put draft proposals to their members and are hoping for full agreement by January.

In Italy, the ANIA (Associazione Nazionale delle Imprese Assicuratrici) is likewise talking to representatives of the country's 20,000 agents, as well as government officials. The bone of contention is how insurers may modify their agents' traditional right to sell their products exclusively in agreed locations.

There is an irony in the current antagonism between insurers and their tied agents. The territorial exclusivity of tied agents has historically been their greatest attraction for insurers: it has made it impossible for competitors to encroach without recruiting and training their own local salesforces at great cost.

This may yet serve to help check the flow of foreign insurance companies into Italy. Certain foreign insurers have been tempted to buy struggling Italian insurance companies, simply in order to gain access to their distribution networks.

In France and Italy, in particular, the agents are being squeezed from two sides. The rapid growth in life assurance business in both countries is being led by the banks which have cost advantages over the agents in selling the simpler forms of cover. And from the other side, the independent insurance brokers are winning a bigger share of the more complicated industrial risks.

Insurers in both countries are seeking, through their trade associations, to encourage the agents to be more flexible in working alongside other distribution networks. In France, this means updating the agents' horary schedules, dating back to 1945 for life business and 1950 for non-life business.

What most alarms French insurers is the prospect of being hamstrung by restrictive contracts with agents which prevent them from entering into potentially lucrative relationships with anyone else. They want contracts to be per-

manent. Robert Tamm, an insurance analyst at Credit Suisse First Boston Securities in London, points out that tied agents remain "the backbone of [Italian] insurance companies. The results of going against them could be disastrous."

He also observes that not all the injuries are bad for tied agents in Europe. In the UK, Europe's most sophisticated market for life assurance, insurers suddenly rediscovered the attraction of tied agents in 1988 when the Financial Services Act imposed onerous disclosure requirements on independent insurance brokers.

William Pitt is a Paris-based freelance journalist

PepsiCo gets go-ahead to end Perrier contract

By William Dawkins in Paris

PEPSICO, the US soft drinks multinational, yesterday received the go-ahead from the Paris Commercial Court to end the Perrier mineral water group's 27-year-old contract to bottle and distribute Pepsi-Cola in France.

This brings to an end a 12-month row between the two groups, the start of which was the first of the spectacular problems encountered by Perrier over the past year.

Last February, Perrier withdrew 150m bottles of its own brand of sparkling water following the discovery of minute traces of benzene.

This was followed in June by the retirement of its chairman, Mr Gustave Leven, who bought

the Perrier spring in 1948. Perrier reported more than doubled first-half profits early this month, but that was due to a one-off FFr1bn (\$126m at current rates) gain from the sale of its soft drinks division to Cadbury Schweppes.

The US company ended the franchise deal on the grounds that Perrier underperformed and lost Pepsi-Cola's market share decline – an allegation denied by the French group.

Pepsi-Cola France will take control of the French business from the start of next January. Cail France, a beverages broker, will provide sales and distribution support while the US company sets up its own arrangements.

COMPANY NEWS IN BRIEF

MasterCard International, the plastic card company, is increasing its membership rates for members joining after November 15 to one and a half times those for existing members. This is intended to reflect the value of earlier members' investment in the card system, writes David Lascelles.

Fees will also be based on the use which members make of the system rather than on their asset size as in the past.

Cepsa, the Spanish oil refining company, will offer a rights issue valued at Pta14.9bn (\$157m), the company said yesterday. The rights issue is a one-for-five share offering with a nominal value of Pta50 a share, Reuter reports.

The rights issue is aimed at

giving individual shareholders an opportunity to increase their stake following the purchase of a 20 per cent interest by France's Elf Aquitaine.

About 59.5m Cepsa shares are now outstanding and about 15m new shares will be created by the issue.

Wessanen, the Dutch foods group, said its chairman, Mr Gerrit van Driel, died on Saturday. Mr Van Driel, aged 88, had been Wessanen's chairman since 1970. He was due to retire at the end of this year, Reuter reports.

Wessanen said it had appointed board member Mr Peter Bakker Schut, who was to succeed Mr van Driel on January 1, to take over as new chairman from November 26.

Andersen fee income climbs

By David Waller

ANDERSEN Consulting, the consulting arm of the Arthur Andersen accounting organisation, managed to increase its European fees by more than 40 per cent in the year to end-September, despite mounting recessionary pressures.

The income rose from \$456m to \$508m, with Germany and Italy doing particularly well. Revenues there rose by 60 and 65 per cent respectively. Industrial and consumer products and financial services were the strongest market sectors.

Andersen specialises in conducting long-term, information technology-based consultancy projects. The market for this is fast-growing and fragmented and competition comes from software houses, accountancy firms and consultants.

Mr Vernon Ellis, head of Europe for Andersen Consulting, said the Gulf crisis had made a discernible impact on potential clients' investment intentions. He said the firm's structure – with operations separated from the accounting side of Andersen – would make the firm more recession-proof than competitors.

ECU 200,000,000
Caisse Centrale de
Cooperation Economique
Floating Rate Notes due 2004

For the period from November 23, 1990 to February 23, 1991 the Notes will carry an interest rate of 10% per annum with an interest amount of ECU 255.56 per ECU 10,000, and of ECU 2,555.56 per ECU 100,000 Note.

The relevant interest payment date will be February 23, 1991.

Arrêté Régional
Banque Paribas Luxembourg
Société Anonyme

COMMERZBANK OVERSEAS FINANCE N.V.
U.S.\$ 100,000,000
Floating Rate Notes Due 1995

In accordance with the provisions of the Notes notice is hereby given that for the six month period from November 23, 1990 to May 23, 1991 the Notes will carry an interest rate of 10% per annum with a coupon amount of U.S.\$ 502.78 on U.S.\$ 10,000, and U.S.\$ 2,513.88 on U.S.\$ 50,000.

Frankfurt/Main, November 1990
COMMERZBANK
AKTIENGESELLSCHAFT

Ninja, Samurai
Keiretsu, Zaitech

If you know more about the first two than the second, read *Tokyo Business Today*. Since 1934, Japan's most-respected English-language business monthly. For a free issue, FAX your name and address to 81-3-241-5543

INTERNATIONAL CAPITAL MARKETS

Leading houses snub Ecu issue from Crédit Foncier

By Simon London

THE ISSUE of Eurobonds pricing and profitability proved controversial again yesterday, with several leading houses failing to participate in a Ecu155m deal for Crédit Foncier de France, the government-backed agency which finances housing and construction.

The borrower opted to add Ecu155m to its outstanding Ecu150m six-year issue, rather than opening a new line of paper, with Crédit Commercial de France and Swiss Bank Corporation as joint lead managers.

The new paper was priced at 96.70, with an informal agreement between the joint lead managers to sell paper at a fixed re-offer price of less than 1% bid. With full fees set at 1%, this arrangement offered co-managers a margin of just 1%. A number of leading houses with a proven record in the Ecu sector declined to participate on such a thin margin.

An official at CCF said that it had placed about Ecu50m of the issue, while CCF took another Ecu40m. This left only Ecu15m to be placed by the co-managers. Under such circumstances, he said, an alternative structure would have been inappropriate.

Launched at 96.70, the new paper traded at less 1.83 bid, just inside full fees.

However, with primary market activity at a low level the whole issue of profitability

looks set for a further airing. "The number of houses prepared to work for nothing has declined," commented one disgruntled syndicate manager. Renewed supply of Eurodollar warrants from Japanese companies continued yesterday, with three issues totalling

issues which did come during the past six weeks have all traded well above issue price. The latest flurry of activity should restore equilibrium to the market, as investors are given a choice of warrants priced against the underlying stock prices now prevailing in Tokyo.

Of yesterday's issues, Towa Real Estate's \$100m offering lead-managed by Nomura was marginally the best performer, trading up to 107 bid in late afternoon. However, Yokohama Rubber's \$150m deal via Yamachii and Dai-Ichi Cino Kien Kaihatsu's \$100m deal via Daiwa also saw strong demand, ending up to 104 bid and 103% respectively.

The Commodity Bank of Australia has cut back Eurodollar bonds totalling \$102.3m in the international bond market as a year-monthly issuance of Eurodollar warrant bonds to be higher than either 1987 or 1988, although well down on last year's levels.

For Japanese companies, Eurodollar warrant financing remains an attractive alternative to either straight equity finance or domestic yen warrant bonds. According to figures from Salomon, all-in issuance costs on Eurodollar warrant bonds amount to 4.5 per cent, against 5.2 per cent on comparable domestic issuance and up to 6.5 per cent on straight equity issuance.

The glut of new issues during August and September took some time for the market to digest, contributing to a period of depressed prices with a proven record in the Ecu sector declined to participate on such a thin margin.

An official at CCF said that it had placed about Ecu50m of the issue, while CCF took another Ecu40m. This left only Ecu15m to be placed by the co-managers. Under such circumstances, he said, an alternative structure would have been inappropriate.

Launched at 96.70, the new paper traded at less 1.83 bid, just inside full fees.

However, with primary market activity at a low level the whole issue of profitability

INTERNATIONAL BONDS

issues launched into the international bond market.

Boycotted by anticipated turnout in activity during December, Salomon Brothers now expects this year's average monthly issuance of Eurodollar warrant bonds to be higher than either 1987 or 1988, although well down on last year's levels.

For Japanese companies, Eurodollar warrant financing remains an attractive alternative to either straight equity finance or domestic yen warrant bonds. According to figures from Salomon, all-in issuance costs on Eurodollar warrant bonds amount to 4.5 per cent, against 5.2 per cent on comparable domestic issuance and up to 6.5 per cent on straight equity issuance.

The glut of new issues during August and September took some time for the market to digest, contributing to a period of depressed prices with a proven record in the Ecu sector declined to participate on such a thin margin.

An official at CCF said that it had placed about Ecu50m of the issue, while CCF took another Ecu40m. This left only Ecu15m to be placed by the co-managers. Under such circumstances, he said, an alternative structure would have been inappropriate.

Launched at 96.70, the new paper traded at less 1.83 bid, just inside full fees.

However, with primary market activity at a low level the whole issue of profitability

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fee	Book runner
US DOLLARS						
Yokohama Rubber(a)*	150	(4.5)	100	1994	2 1/2	Yamachi Int.
Daiichi Cntr Kikaihatsu(a)*	110	(4.5)	100	1994	2 1/2	Daiwa Europe
Towa Real Estate(a)*	100	(4.5)	100	1994	2 1/2	Nomura Int.
EUCS						
Crédit Foncier de France(a)♦	125	9	96.70	1998	1 1/2	CCF
D-MAR						
Int'l Finance Corp.(a)♦	150	(6)	101 1/2	1995	1 1/2	Daiwa Europe GmbH
Towa Corporation Co.(a)♦	50	(5.1)	100	1994	2 1/2	Commerzbank
Gaste Service(a)*	45	(5.1)	100	1994	2 1/2	Nomura Europe GmbH
SWISS FRANC						
Daiwa Trust Corp.(a)♦	200	6	100	1995	-	Nomura Bk (Switzerland)
Int'l Credit Bk. Wurzburg(a)♦	75	7 1/2	101 1/2	1994	-	Credit Suisse
Poste Corp(a)♦	30	5	100	1995	-	Wirehouse & Private
Link Int'l(a)♦	20	5 1/2	100	1995	-	BSI
LIRE						
Credit Lyonnais(a)♦	150m	13 1/2	101.05	1994	1 1/2	Banco Di Roma
YEN						
Monte Del Paschi(a)♦	10bn	8	101 1/2	1992	1 1/2	Same Int.

*Convertible placement. ♦Convertible. **With equity warrants. ♠Flooring rate notes. ♢Final terms not firm. ♣Coupon payable 17 1/2% on 27/2/91, then 8% semi-annually thereafter. ♤Coupon 31/3/93 at 107 1/2% to yield 9.82%. ♦Coupon payable 17 1/2% on 27/2/91, then 8% semi-annually. ♢Coupon 31/3/93 at 107 1/2% to yield 9.82%. ♦Coupon payable 17 1/2% on 27/2/91, then 8% semi-annually. ♢Coupon 31/3/93 at 107 1/2% to yield 9.82%. ♦Fully fungible with existing Ecu150m deal launched July 1992. ♣Short first and second coupon 15/2/91 and 14/2/91.

Brussels braced for 'little bang' reforms

Tim Dickson examines the Belgian approach to deregulation in financial markets

EXCEPTIONS to Belgium's strict anti-gambling laws enable lotteries to flourish and roulette wheels to turn. But, as things currently stand, an options and financial futures market could conceivably be curtailed.

Clearing up this anomaly to pave the way for the new Belfox exchange next year is just one of many legislative changes to be voted through parliament in the next few weeks, transforming Belgium's much-vaunted financial reforms into concrete reality.

A straggler in the European stakes behind London, Paris and other lesser thoroughbreds, the Brussels bourse is finally being brought face to face with the structural changes taking place in the securities business worldwide, as finance minister Philippe Maystadt put it earlier this year.

The new laws will be originally intended to create a proper secondary market in Treasury bills for the first time and through increased liquidity and tighter margins to cut Belgium's huge public sector borrowing costs.

One of the main themes of this year's tough negotiations over course liberalisation was the way existing stockbrokers successfully managed to protect their vested interests.

The new laws will be originally intended to create a limited liability company from January 1, more stringent capital adequacy rules will now apply, while an overall cap of 6.5 per cent on the stockbroker monopoly in Brussels is being removed.

Breaking the stockbroker monopoly in Brussels for 1992, however, is only part of Mr Maystadt's "little bang". The intended beneficiaries of that change are the banks who are gaining access to the newly-created societies de bourse and, at the same time, having their own cosy practices challenged in an equally important and far-reaching package of reforms to the government debt market.

Under this plan the old "con-

sorium" of banks which has traditionally subscribed to new issues has disappeared. Already, bonds have been successfully issued this year to private investors over the heads of the institutions and from next month a new system of "primary dealers" (to include the original consortium members) will be officially installed.

The basic aim is to create a

proper secondary market in

Treasury bills for the first time and through increased liquidity and tighter margins to cut

Belgium's huge public sector

borrowing costs.

The more cynical observers

understandable, see Mr Maystadt playing the unashamed role of bond salesman for a company whose interest charges come to around 11 per cent of GNP and whose overall outstanding debt amounts to almost 130 per cent of GNP.

The policy could pay off,

however, if the sort of sup-

erplus which Belgium has been

generating this year - a BFr70bn improvement since the third

quarter of 1989 - can continue to be matched by savings. The differential between short-term D-Mark and Belgian franc interest rates has already fallen from 150 basis points in 1988-89 to closer to 50 points today.

the end of January to bid for Treasury bills and the new form government bonds known as OLOs (obligations linéaires).

In future the government plans to limit the issue of Treasury bills to weekly tenders of three and 12-month paper - thereby reducing the mass of different maturities offered in the past and encouraging the development of a more liquid secondary market.

In the big market, the primary dealers will assume the secondary market role of the government-sponsored Fonds des Rentes (Bond Fund), with the twin aims of increased liquidity and lower nominal interest rates on Belgian's huge public sector debt.

The more cynical observers understandably see Mr Maystadt playing the unashamed role of bond salesman for a company whose interest charges come to around 11 per cent of GNP and whose overall outstanding debt amounts to almost 130 per cent of GNP.

The policy could pay off, however, if the sort of sup-

erplus which Belgium has been

generating this year - a BFr70bn improvement since the third quarter of 1989 - can continue to be matched by savings. The differential between short-term D-Mark and Belgian franc interest rates has already fallen from 150 basis points in 1988-89 to closer to 50 points today.

Debt market recovery boosts demand for global issues

By Deborah Hargreaves

THE international equity market has started to attract a wider variety of issuers as companies gain more confidence from the recovery in world bond markets and the recent stability in oil prices.

Two key UK transactions

which are being sold world-

INTERNATIONAL EQUITY ISSUES

wide are expected to buoy investor confidence with their success. The £550m rights issue for Eurotunnel has met with

better demand than many market watchers had expected and the £250m privatisation of the UK electricity companies will probably meet with brisk demand from overseas investors.

Around £1bn of the electrici-

ty sale will be placed abroad with 38 per cent of this sold in the US where investors have been keen buyers of UK privatisation deals in the past.

Investors are showing they have selective interest in quality blue-chip names should these companies gain confidence enough with current stock price levels to come to market.

In the US, natural resource

companies continue to take advantage of the rise in oil

price levels to come with market

shares sold at \$33 1/4 and now trading at \$34 1/4.

In addition, Samsung, the Korean group, has issued \$40m in depositary receipts to be sold to US and European investors.

The receipts will be priced in mid-December following a roadshow to be organised by the company.

International investors are also being asked to buy into a \$50m international tranche of shares for a Mexican glass company, Vitro Flotado, which is raising money for the expansion to its plant under the auspices of the International Finance Corporation, an affiliate of the World Bank.

LONDON MARKET STATISTICS

	Rise	Falls	Same
British Funds	2	59	25
Corporations, Domestics and Foreign Bonds	4	4	13
Industrials	326	266	957
Financial and Property	131	110	507
Oils	25	16	5
Plantations	3	1	6
Mines	15	40	97
Others	58	47	101
Totals	564	544	1,751

This was evident with the sale of about \$420m of shares in Wolters Kluwer, the Dutch publishing company, last week in a secondary offering for which Goldman Sachs reports broad-based support.

The Wolters deal was a fairly large transaction to hit the international market in its current state, but demand for the shares came from Europe, the Far East and the US. The shares have held their price level in the after-market after being priced at \$14 1/4.

In the US, natural resource

companies continue to take

advantage of the rise in oil

price levels to come with market

shares sold at \$33 1/4 and now trading at \$34 1/4.

In addition, Samsung, the Korean group, has issued \$40m in depositary receipts to be sold to US and European investors.

The receipts will be priced in mid-December following a roadshow to be organised by the company.

International investors are also being asked to buy into a \$50m international tranche of shares for a Mexican glass company, Vitro Flotado, which is raising money for the expansion to its plant under the auspices of the International Finance Corporation, an affiliate of the World Bank.



Every day, one abbreviation
makes sense of the rest.

No FT... no comment.

UK COMPANY NEWS

Redundancies as expected contracts fail although orders exist for four years' work Vosper Thornycroft advances 15% to £6m

By Jane Fuller

VOSPER Thornycroft, maker of Royal Navy mine-hunters now stationed in the Gulf, increased pre-tax profit by 15 per cent to £6.1m in the six months to September 30.

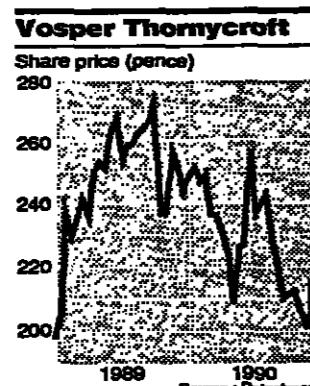
The increase, from £5.3m, was achieved after incurring redundancy costs of £1.5m. About 200 of the 2,100 workforce were shed when two contracts, for Brunei and the Ministry of Defence, failed to materialise.

This was offset by an increase in interest received from £1.3m to £2.5m. The group had £33m cash at the half-way stage. Turnover advanced 30 per cent to £63.2m (£48.6m).

Mr Peter Usher, chairman and leader of the management buy-out team, when the group was privatised five years ago, said half the sales were exported and a bigger proportion of profit came from overseas orders.

"Our exports to the Middle and Far East are not affected by gloom," he said. He saw "long-term value" for the group in the Gulf.

Two big contracts, for the Royal Navy and Saudi Arabia, were progressing well. The group's order book totalled



Source: Bloomberg

between £400m and £500m, the equivalent of about four years' work.

He said defence spending cuts in the UK would not have a big effect on Vosper because the Royal Navy was tendering for seven more Sandown class vessels. Yet he did express concern that rivals were planning to use imported hulls which he believed would be subsidised.

About 30 per cent of the group's turnover is non-ship building, although Mr Martin Jay, managing director, said the engineering work and services were often related to ship sales. One promising non-defence area was that of safety equipment for North Sea oil rigs.

Earnings per share rose to 12.5p (11.3p). The interim dividend is increased to 3.5p (3.25p).

COMMENT

Although the "peace dividend" has sent defence companies out of fashion, Vosper has considerable defensive qualities. Mine-hunters escaped relatively unscathed from the UK government's defence review and the group has a healthy export record. Continuity of work is secure until 1994. Tension in the Gulf is an obvious bonus, demonstrating the need for mine-hunters and patrol boats, and putting Vosper-made vessels on parade. Yet some niggles have surfaced. The rate of MoD orders for minehunters is likely to slow and the chairman's questioning of rivals' hull imports gives a flavour of the competitiveness. The recent redundancies showed that replacement work



Peter Usher: defence spending cuts would not have big impact

is not readily available when occasional disappointments occur. While defence, like cigarette, is proving a persistent market, future growth of other activities would be welcome and Vosper has the cash to move this along. For the full year, pre-tax profit is expected

to approach £14m, compared with £12m, giving a prospective p/e of 7.4 on yesterday's close of 215p, up 9p. This is a reasonable rating for a defence company, although its competitive strength and prospects for dividend growth may warrant a little more.

is not readily available when occasional disappointments occur. While defence, like cigarette, is proving a persistent market, future growth of other activities would be welcome and Vosper has the cash to move this along. For the full year, pre-tax profit is expected

NEWS DIGEST

H Young confident in spite of fall

H YOUNG Holdings, distribution services and merger broking concern, reports a pre-tax profit of £510,000 for the year ended September 29, compared with £1.7m for the previous 14 months period.

Mr John Wilson, the executive chairman, said it was a poor year for profitability caused by lack of consumer demand. But demand for optical frames and lenses had progressively shown improvement and was now estimated to have reached 85 per cent of the levels which were enjoyed prior to the implementation of sight test charges. A slight improvement had also been seen in the electronics division.

Turnover last year totalled £27.33m, compared with £27.81m for 14 months, but Mr Wilson said in spite of the difficult trading conditions there had been an encouraging start to the current year, with the first two months sales being in line with budget and showing a 17 per cent increase on the same period last year.

After tax of £163,000 (£565,000), earnings per ordinary share emerged at 2.1p (7.9p), but the dividend is maintained at 9p with a proposed final of 4p. Net assets of the group increased by 47 per cent from £8.6m to £12.9m (61p per share) and at the year end the company had cash of £2.5m compared with borrowings of £5.5m at September 1989.

Hanover Druce goes £2.2m into the red

Difficult trading conditions in estate agency businesses have led to Hanover Druce's losses accelerating from £28,000 to £2.21m in the six months to August 31; for the whole of 1989-90 the loss was £2.75m.

Following successful negotiations, Hanover has exchanged contracts for the sale of certain residential estates agencies for £4.56m. Because of the size of the transactions shareholders' approval will be required.

Mr Isidor Redstone, the chairman, said the disappointing half year's trading, which unlike last year, did not benefit from property sales, reflects the difficult conditions in the property markets, with high interest rates and a lack of investor confidence caused in part by political and economic uncertainties.

He said there were early signs of some revival in the property market which, if sustained, would show a marked improvement in the group's trading.

Turnover was £8.37m (£15.05m, which included £4.7m in respect of property in which the company had an interest). The loss per share was 34.6p (2.2p). No interim dividend being paid (1.5p).

IAWS at £5.4m in 'difficult period'

IAWS Group, the USM-quoted food, fertiliser and agriproducts company based in Dublin, announced pre-tax profits of £5.39m (£4.9m) for the 10 months ended July 31. For the previous 12 months profits were £5.55m.

The directors said that all divisions had continued their programme of development and expansion and had performed well, in what was a difficult period for agriculture. The current year would be one of consolidation, they added.

Turnover for the period was £228.65m (£222.31m) and earnings per share worked through at 6.2p (6.6p). The final dividend was 1p for a total of 2p for 10 months (1.5p for a total).

The group reporting period was changed to facilitate the acquisition of R&H Hall, effective from September 1 1990.

Radio City falls to £382,000

A decline in national advertising led to a 34 per cent fall in pre-tax profits of Radio City (Sound of Merseyside), the independent radio station, from £1.34m to £882,000 for the year to September 30 1990. Turnover slipped from £4.33m to £4.15m.

The directors said that for most of the year, but particularly in the second half, it was very difficult to maintain revenue.

A-Scandinavian Trust declines

Anglo-Scandinavian Investment Trust has seen net asset value decline from 95.6p at its launch, December 21 1989, to 90.7p at September 30 1990.

Some 55 per cent of funds were invested in other investment trusts, and it was intended to raise that level to at least 75 per cent in the course of the current year, said Mr Richard Granville, chairman.

In the initial period the trust made net revenue of £787,000, for earnings per share of 3.95p. The final dividend is 2.25p for a total of 3.38p.

Walker & Staff lower at £180,000

Walker & Staff Holdings, the distributor of valve and pipeline equipment, suffered a fall in pre-tax profits from £191,000 to £180,000 for the half year to September 30.

Turnover advanced to £4.05m (£3.79m) and the directors said that margins had been maintained although overheads had risen substantially. Adequate provision had been made against stock obsolescence and bad debts. They warned that the result for the full year was anticipated to be lower than the £389,173 achieved last time.

Earnings per share amounted to 5.5p (5.4p) after tax of £61,000 (£56,000).

Scot and Mercantile net assets decline

Scottish and Mercantile Investment Trust reported a fall in net asset value from a restated 17.1p to 15p at September 30.

Pre-tax revenue in the six months to the end of September dropped from a restated £726,424 to £644,967 for the period. After tax of £168,654 (£184,234), minorities, earnings per 5p ord and 'A' ord share came to 1.81p (2.05p). The interim dividend has been maintained at 1.2p.

Property Partner setback and warning

Property Partnerships, which owns and develops commercial properties for investment and also operates hotels in Norwich, reports a slight setback

from £1.15m to £1.07m in pre-tax profit for the half year to September 30.

Gross rental income from investment properties rose from £786,000 to £812,000 and operating profit increased from £586,000 to £583,000.

But operating profit from hotels fell from £661,000 to £563,000 reflecting a marked decrease in customer spending in the six months ended September 30.

Turnover surged from £16.22m to £22m. Operating profit, however, only rose £26,000 to £1.54m and then suffered increased interest charges of £376,000 (£172,000).

Mr Peter Price, chairman, said construction materials was helped by the acquisition of Construction Material Services, which was engaged in the processing, preparation and distribution of pulverised fuel ash products.

It made an encouraging contribution to profits compensating for the depressed level of business in the housing market.

Flooring products continued to grow, Mr Price said, but there had been considerable pressure on margins.

Overall, the recent level of trading was broadly similar to the first half.

Earnings in that period were 7.71p (7.14p) fully diluted. The interim dividend is again 1.6p.

In the half year ended Sep-

tember 29 1990 turnover fell from near £10m to £9.04m, operating profit from £1.37m to £1.26m, and the pre-tax balance from £1.31m to £1.15m. Earnings per share were 1.78p (1.62p).

That compares with a market value of more than £50m when the shares peaked in the middle of 1988.

IBC is weighed down by

£73m of debt, and unveiled a rescue plan on Friday which could leave its bankers controlling nearly 76 per cent of the

company.

That compares with a market value of more than £50m when the shares peaked in the middle of 1988.

IBC is weighed down by

£73m of debt, and unveiled a rescue plan on Friday which could leave its bankers controlling nearly 76 per cent of the

company.

That compares with a market value of more than £50m when the shares peaked in the middle of 1988.

IBC is weighed down by

£73m of debt, and unveiled a rescue plan on Friday which could leave its bankers controlling nearly 76 per cent of the

company.

That compares with a market value of more than £50m when the shares peaked in the middle of 1988.

IBC is weighed down by

£73m of debt, and unveiled a rescue plan on Friday which could leave its bankers controlling nearly 76 per cent of the

company.

That compares with a market value of more than £50m when the shares peaked in the middle of 1988.

IBC is weighed down by

£73m of debt, and unveiled a rescue plan on Friday which could leave its bankers controlling nearly 76 per cent of the

company.

That compares with a market value of more than £50m when the shares peaked in the middle of 1988.

IBC is weighed down by

£73m of debt, and unveiled a rescue plan on Friday which could leave its bankers controlling nearly 76 per cent of the

company.

That compares with a market value of more than £50m when the shares peaked in the middle of 1988.

IBC is weighed down by

£73m of debt, and unveiled a rescue plan on Friday which could leave its bankers controlling nearly 76 per cent of the

company.

That compares with a market value of more than £50m when the shares peaked in the middle of 1988.

IBC is weighed down by

£73m of debt, and unveiled a rescue plan on Friday which could leave its bankers controlling nearly 76 per cent of the

company.

That compares with a market value of more than £50m when the shares peaked in the middle of 1988.

IBC is weighed down by

£73m of debt, and unveiled a rescue plan on Friday which could leave its bankers controlling nearly 76 per cent of the

company.

That compares with a market value of more than £50m when the shares peaked in the middle of 1988.

IBC is weighed down by

£73m of debt, and unveiled a rescue plan on Friday which could leave its bankers controlling nearly 76 per cent of the

company.

That compares with a market value of more than £50m when the shares peaked in the middle of 1988.

IBC is weighed down by

£73m of debt, and unveiled a rescue plan on Friday which could leave its bankers controlling nearly 76 per cent of the

company.

That compares with a market value of more than £50m when the shares peaked in the middle of 1988.

IBC is weighed down by

£73m of debt, and unveiled a rescue plan on Friday which could leave its bankers controlling nearly 76 per cent of the

company.

That compares with a market value of more than £50m when the shares peaked in the middle of 1988.

IBC is weighed down by

£73m of debt, and unveiled a rescue plan on Friday which could leave its bankers controlling nearly 76 per cent of the

company.

That compares with a market value of more than £50m when the shares peaked in the middle of 1988.

IBC is weighed down by

£73m of debt, and unveiled a rescue plan on Friday which could leave its bankers controlling nearly 76 per cent of the

company.

UK COMPANY NEWS

Some light on size of PPI offshoot

By David Bierhard in Istanbul

QUESTIONS about the size of Meyna, the Turkish-based fruit and vegetable subsidiary of Polly Peck International, received a partial answer yesterday when Mr Richard Stone, of Coopers & Lybrand Deloitte, described the company as a big ongoing business.

Mr Stone, one of three administrators appointed by a London High Court to handle the affairs of Polly Peck, said that Meyna had an annual turnover of around £200m.

"It seems to be a business that operates extensively across the country," Mr Stone said, adding that he believed that up to 70 per cent of its activities might be concentrated in the Turkish domestic foodstuffs market rather than exports.

Meyna is regarded by several stockbrokers' analysts in the City as one of the principal contributors to the group's overall pre-tax profits of £151m last year. Estimates of its earnings have ranged between £50m and £60m. However, until now the

company's activities have been shrouded in secrecy because of a news blackout imposed by Polly Peck in the autumn.

Mr Stone said that he did not know the reason for the news blackout and that as he was an administrator for the Polly Peck group rather than for Meyna itself, he was not able to order it to be lifted.

"We have not got into all the detail of the group yet," Mr Stone said. "It is now a question of number crunching." He added that it was too early to form judgments.

He said that figures from the Mersin-based Mediterranean Exporters' Union showed that Meyna exported only around \$4.5m of produce last year, might be explained by earnings from exports to the Middle East and exports made through other companies, though he declined to name other companies involved or say what he believed the group's overall export earnings to be.

The administrators are not at present

planning any disposals of Polly Peck subsidiaries, other than Russell Hobbs, the UK maker of small electrical appliances. "Nothing is for sale," said Mr Stone.

He said that Mr Asif Nadir, the Polly Peck chairman, had provided promised support for the administrators' efforts to remove a court injunction in northern Cyprus which denies them access to Sunstar, the group's fruit export company on the island, describing progress on this front as "not bad" but slow.

His findings will be put to an informal committee of the group's 60-odd bank creditors on December 12.

Meanwhile Polly Peck officials in Istanbul said that Mr Nadir's return from Cyprus was imminent. Mr Nadir has spent only a few hours in the Turkish business capital since the group was placed last month and has been in Cyprus since November 15.

Cattle's to raise £18.2m in rights issue

By Ciara Pearson

CATTLE's (Holdings) yesterday announced an £18.2m rights issue partly to finance the film acquisition of Compass Credit, a fellow consumer credit company, from Standard Chartered, the banking and financial services group.

The rights issue, Cattle's first for more than 10 years, is being made on an 11-for-20 basis at a price of 50p per share. Yesterday the shares closed at 55p, down 7p.

The company is paying 28m in cash for Compass, which has also declared dividends in favour of Standard Chartered totalling £2m.

Cattle's says there will be significant benefits from putting together Compass with

Shopacheck, its existing core subsidiary involved in weekly collected credit.

It made £1.78m pre-tax profit on £45.9m sales last year, but Cattle's believes this substantially understates its profit potential.

Mr Roy Wandby, chairman, said the acquisition was expected to add about £2.5m to £3m to operating profits next year, although it would not enhance earnings per share until 1992.

Compass, makes personal cash loans but is also involved in the issue of "shopping checks", credit documents which customers can exchange for goods and services at various shops. It has about 120,000 customer-households,

as against Shopacheck's 200,000.

Cattle's said it expected to make a final dividend payment of not less than 2.3p for the current year, making a total payment of 3.8p (3.575p).

The company described progress so far this year as "satisfactory", although Mr Wandby said the imposition of the poll tax had adversely affected demand. In the first half, it made pre-tax profits of £3.71m (£3.38m) on £83.6m (£83.5m) sales.

After the deal the enlarged group will have borrowings of about £80m. It makes loans at rates substantially higher than bank lending rates and hence is particularly sensitive to cuts in interest rates.

BS wins approval for Scott's merger but battle could go on

By Richard Gourlay

A decline in the sale of businesses drove Christie Group, the specialist business agency, into the red in the half year ended September 30.

It lost £1.5m before tax and has passed its interim dividend. In the equivalent period of 1989 it made a profit of £20.6m and finished with £1.2m for the 1989-90 year.

There was an interim and final dividend each of 4p. For the current year the dividend position would be reviewed at the year-end.

Mr David Rugg, managing director, said yesterday that the group had "hit a pause" in business during July and August, particularly in its agency activities and related mortgage operations, but since then business had stabilised.

Turnover during the first half declined from £12.4m to £9.8m; earnings of 1.57p per share were transformed into an interim loss of 4.6p. The company said it had managed to cut costs but had maintained its spending on marketing in an attempt to increase market share.

Mr Rugg said: "Clearly we have made economies in areas such as property overheads and in training and support personnel, but we have retained all of the capacity in our [agency] network."

Sheafbank operating profits rise

Sheafbank Property Trust, property development and investment group, reported pre-tax profits down from £243,027 to £250,891, after a transfer of £220,682 to a non-distributable reserve, in the year to March 31. Operating profits increased from £804,890 to £940,682.

Mr Jack Gradel, chairman, said the property investments of UK Estates had progressed well. Sheafbank's investment

of over 50 per cent in Schlesinger Investments Corporation, an investment and financial services group, will be making a positive return in the form of dividends in the year commencing April 1991.

Tax took £18,901 (£99,261) and earnings per 10p ordinary came out at 2.48p (4.55p) basic, and 2.41p (4.2p) fully diluted. The proposed final dividend is 0.65p (same) for a maintained total of 0.75p.

Appointments Advertising

appears every Friday in the International Edition Wednesday, Thursday (in the UK Edition)

For further information in North America please call:

JoAnn Gredell
on 212 752 4500
or write to her at
14 East 60th Street
New York, NY 10022

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

SWITZERLAND FINANCIAL & INVESTMENT CENTRE

The FT proposes to publish this survey on December 12 1990. It will be of particular interest to 20% of all Professional Investors in Europe who are FT readers.

If you want to reach this important audience, call Patrick Sturz, Tel: 01 542 0000 or 01 542 0001, or

Financial Times (Switzerland) Ltd, 15 Rue du Conde, CH-1201 Geneva, Switzerland Tel: (022) 7311604

FT SURVEYS

This advertisement is issued in compliance with the regulations of the Council of The International Stock Exchange of the United Kingdom and the Department of Industry Ltd ("The Stock Exchange"). It does not constitute an offer or invitation to any person to subscribe for or to purchase any securities of EIDOS plc. Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the ordinary shares of EIDOS plc in the United Kingdom Market. It is emphasised that no application has been made for these securities to be admitted to listing. Dealings in the United Kingdom Market are expected to commence on 2nd December 1990.

EIDOS plc
Incorporated and registered in England under the
Companies Act 1989 with registered number 2501949

placing
by
T C Coombs & Co
Share Capital

Authorised	Number	Issued and to be Issued fully paid	Number
£500,000	5,000,000 in ordinary shares of	£220,000	2,200,000
	10p each		

Particulars relating to the placing are available in the Companies Fiche Service
available from The Stock Exchange and in the general services of EIDOS Financial
Limited. Copies are available direct or from business houses on the market to deal
including 14th December 1990 from the Company Announcements Office of The
Stock Exchange, 40-50 Finsbury Square, London EC2A 1DD and up to and including
14th December 1990 from T C Coombs & Co, 45 Bonhill Street, London EC2A 4BX

28th November 1990
Newspaper

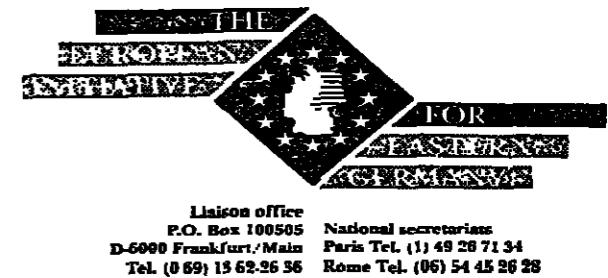
Claudio Boada, Chairman, Banco Hispano Americano
Walter Seipp, Chairman, Commerzbank
Jean-Yves Haberer, Chairman, Crédit Lyonnais
Antonio Zurzolo, Chairman, Banco di Roma



"The development of Eastern Germany is a European challenge!"

We, the founding members of The European Initiative for Eastern Germany, believe that the successful development of this region could fuel a long phase of growth and prosperity for Europe as a whole. For this reason, we call upon our fellow Europeans to join us in making an investment in Eastern Germany now - for the benefit of your own companies and for a healthy European future.

The European Initiative for Eastern Germany has been established in order to encourage European companies to invest in the former territory of the German Democratic Republic. The guiding principle of this initiative is that the economic development of the region is not merely a German task, but rather a matter of European concern.



Liaison office
P.O. Box 100505
D-6000 Frankfurt/Main
Paris Tel. (1) 49 27 154
Tel. (0 69) 15 62 26 36
Fax (0 69) 15 62 20 08
National secretariats
Rome Tel. (0 6) 54 45 26 28
Madrid Tel. (91) 5 76 22 02

BUSINESS AND THE ENVIRONMENT

Clive Cookson and Peter Knight report on chlorofluorocarbon substitutes being introduced by the refrigeration and electronics industries

The toughest technical problem ever faced by the refrigeration industry - how to replace CFC coolant with an environmentally acceptable substitute - has been solved, following an intensive research and development programme by chemical companies and fridges manufacturers.

When the Montreal Protocol to protect the ozone layer was signed, in September 1987, refrigeration faced the hardest struggle of all the industries forced to phase out chlorofluorocarbon (CFC) consumption. No one knew then what chemical(s) could replace R12, the general purpose coolant in fridges and air conditioners.

It soon became clear that only one compound had the right chemical and physical properties: a hydrofluorocarbon called HFC134a which has hydrogen atoms instead of the chlorine that makes CFCs so destructive to ozone in the upper atmosphere. Co-operative toxicity and environmental testing by the chemical industry showed that 134a was safe. But unfortunately it was not compatible with the cheap mineral oil lubricants used for the last 50 years with R12.

It was a big shock for the refrigeration industry that 134a wasn't going to be a simple drop-in replacement for R12," says Bridget Patterson, 134a product manager for ICI, the UK chemical giant and CFC manufacturer. The industry had to find suitable lubricants for 134a and then redesign its

products to work with the new chemicals.

The first potential lubricants investigated - polyalkylene glycols - turned out to be a step in the wrong direction. They lubricated well but absorbed moisture and after a while began to react chemically with other materials in fridges compressors.

Attention then switched to synthetic oils called polyol esters. Extensive testing of refrigeration equipment with these ester lubricants over the last few months has convinced the industry that they are the answer to its prayers.

A combination of 134a coolant with ester lubricant appears to work as well as R12 plus mineral oil in domestic fridges, car air conditioners and small commercial refrigeration systems. And the amount of redesign work required will be less than manufacturers had feared.

Several manufacturers expect to launch CFC-free fridges with the new combination on the retail market next year. For example, Electrolux of Sweden delivered its first test shipment of 400 fridges and freezers to customers in the Stockholm area this month.

For users of commercial refrigerators, the most important test has taken place during the summer in the cellar of the Hotel Meurice in the Ansele B. Sollinall near Birmingham. Its eight-year-old Copeland cooling unit has switched successfully from running on

R12 and mineral oil to 134a and a new ester oil developed by Castrol, the UK Lubricants company.

The conversion involved little more than flushing out the system with the new ester (which is miscible with the old chemicals). The only hardware required was an inexpensive new expansion valve.

The Hob Meadow test seems to dispel the widely held view that it would be impossible to make old refrigerators run on 134a. This is a real breakthrough for commercial users because it means that they can switch to CFC-free refrigeration while keeping their existing equipment, says Sev Lloyd, Amico refrigeration engineer. It will save the Allied Lyons food and drinks group £50m, which it would otherwise have had to spend on new equipment to comply with the Montreal Protocol.

Other important commercial users of R12 refrigeration systems are dairy farmers (for cooling milk tanks) and the shipping industry (for chilled containers). A retrofiting test of 134a is now under way at the Shipowners' Refrigerated Cargo Research Association in Cambridge.

Chris Tane, new fluorocarbon marketing manager for ICI, expects the volume of 134a consumed to be only 40 per cent of R12 consumption, because people will use it less wastefully and because R12 had other applications besides refrigeration, for which 134a is not suitable.

By industry experts predict that the price of 134a will settle at a level four or five times higher than R12 (now about £1

per kilo and rising rapidly as production is cut back in accordance with the Montreal Protocol).

Tane says the higher price is justified by the more complex process required to make 134a and by the need to recoup the large investments in new manufacturing facilities for CFC substitutes.

ICI has invested more than £100m in the search for CFC



substitutes (which it has christened with the brand name Klean). Its first commercial scale 134a plant, a £30m facility at Runcorn on Merseyside, was completed within a year - faster than most comparable chemical plants - and started production last month. ICI is building a second 134a plant in Louisiana, a £75m facility due to come on stream early in 1993.

And if the market develops as ICI hopes, a third plant will be built in Japan in mid-1993.

Du Pont, the world's largest CFC manufacturer, puts its investment in CFC alternatives at \$240m to date and expects the total to exceed \$1bn over 10 years. Its first commercial 134a plant, in Corpus Christi, Texas, is expected to come on stream within the next week or two.

Although Du Pont and ICI have made the largest public commitments to 134a production, half a dozen other international chemical companies say they also plan to compete in the market. A pilot plant at Rhone-Poulenc's ISC division in Avonmouth near Bristol gives UK refrigerator and compressor manufacturers another source of 134a for testing.

The market for new lubricants is more open than the 134a market. Other companies, oil companies and specialist lubricant blenders are all in a position to supply the ester required. In the UK, Castrol and ICI have made the early running.

Even though the refrigeration industry now seems to have settled on the best combination of coolant and lubricant, it did not become clear until about six months ago that 134a plus ester was the right answer. Until then uncertainty over the lubricant and the destruction of polyalkylene glycols held back the development of CFC-free fridges - and even now many manufacturers are proceeding cautiously.

"We rushed to get our 134a plant completed and now we're not getting the volume of orders we had hoped for," says Tom Christie, a refrigeration consultant working for DuPont in Geneva.

Manufacturers of compressors - the pumps that drive the coolant circuits in fridges and air conditioners - now have considerable experience of testing their equipment on 134a plus ester. Danfoss, the Danish compressor company, had the way and succeeded in the spring that a fridge could run on 134a without any loss of efficiency compared with R12. This contradicted earlier claims that 134a would consume more electric power and therefore contribute indirectly to the greenhouse effect.

UK fridges manufacturers, who typically buy in some compressors and make some of their own, remain cautious. "The compressor manufacturers may have got over their problems but we still have to test the system as a whole, to make sure that it all works properly in our cabinet," says Stewart Aitken, joint managing director of Lec Refrigeration, the UK fridge maker.

But the consensus of the industry is that the problem of making reliable, energy efficient fridges that do not harm the ozone layer has been solved. Small numbers are likely to appear in the shops next year, with the main surge in sales expected in 1992.

CC

Put it in a washing machine, add detergent, jiggle it about with ultrasonic and then dry it with jets of hot air.

This is how some electronics manufacturers have replaced CFC 113, a common chemical solvent once used extensively to clean electronic parts.

The washing machine method is hardly high-tech but it is effective in some applications. For example, at IBM's factory in Slavav, UK, the metal castings for disk drives are now cleaned in water instead of CFCs. IBM is phasing in the water-wash method but still runs old-style CFC washers especially for some components, such as electric engine windings, which cannot be cleaned effectively without chemicals.

Electronic components have to be scrupulously clean. Computer disk drives, for example, have such fine tolerances that a fingerprint can cause a breakdown unless removed before the drive is assembled.

Washing machines that use CFCs

look like old-fashioned chest freezers used to store ice cream in shops. Around the mouth of the chest are refrigeration pipes. The chest is filled with liquid CFC, which is highly volatile. The vapour, which is integral to the cleaning process, rises to the chest's mouth where it is cooled by the refrigeration pipes and held in suspension.

The articles to be cleaned are stacked in plastic-coated metal baskets and lowered into the CFC liquid. This is sometimes heated or agitated with ultrasonic sound to improve cleaning. After a while the baskets are lifted and dried in the vapour layer.

Since CFCs were found to damage the environment, washing machine makers have managed to prevent much of the chemical from evaporating by sealing the

machines with air-lock doors. The automatic mechanisms that lowered the baskets into the chemical were re-designed to ensure that the vapour layer was not disturbed too much. This prevented evaporation.

IBM is committed to stop using CFCs worldwide by 1993. And at its Havant factory the managers have already halved their use of the chemical by what they call "containment" - simple housekeeping measures, such as preventing drafts and keeping a stricter control on wastage. Used CFC is sent away for recycling.

Better management of the chemical has certainly helped the environment but it also saved IBM £210,000 last year. Why did it take so long to make the changes? "The last thing you need on a high-tech manufacturing line is change. Engineers are nervous about changing

bedded-down processes," says Jack Clinch, plant controller.

IBM is working with Kerry Ultrasonics, the UK-based maker of CFC washers, to develop suitable water-based washing machines. Such machines already handle about 2,000 disk-drive assemblies a day at the Havant plant.

Water-based washing machines clean in three stages. First, the articles are immersed in a warm water and detergent mixture which is agitated with ultrasonic sound.

Second, the articles are removed, sprayed and rinsed in de-ionised water (to remove staining salts).

The rinse tank has filter cartridges that can remove particles as small as 0.01 microns.

Third, the articles are dried under jets of clean, hot air. Water vapour is removed in a closed-loop extraction system.

This system works well with disk drive assemblies or similar items. Other cleaning methods are needed for more complicated electronic components. The intricate windings of electric motors, for example, provide too many crevices for water-based cleaning and chemical solvents are still necessary.

Electronic circuit boards have to be cleaned after assembly because the soldering process leaves resin flux residues. DuPont, the chemical company, has introduced a hydrocarbon cleaning solvent called Axarol 38 - a blend of solvents and detergents which remove resin. The boards are then rinsed in water and dried with hot air.

Digital Equipment Corporation, the US-based computer maker, has developed a purely water-based washing system designed to clean circuit boards. The system is similar to a domestic dishwasher where water is sprayed on to the articles.

Digital's washer continuously changes the angle at which the spray hits the boards. This, and the tiny size of the droplets, enables the water to dislodge the flux and any residues that might collect in the minute (up to 0.004 inches) gaps between the board and the components attached to it.

This system also uses detergent and a number of wash, rinse and warm-air drying cycles. Digital has donated its technology to the Industry Co-operative for Ozone Layer Protection. This is a US-based group set up by the Environment Protection Agency and the electronics industry to exchange information and technologies on CFC replacement.

Water-based cleaning methods might prevent ozone damage but

they also have environmental drawbacks. Water consumption, for example, is becoming a critical environmental issue. While water washes might not use excessive amounts of water the process places an increased strain on resources and demands recycling and waste-treatment plants.

But the main drawback is the energy needed to dry components in hot air. This is much higher than when chemicals were used to wash and dry the articles.

Electronics manufacturing plants produce surplus hot air, most of which is wasted. This air is not hot enough to be used for drying, but it should not be beyond the capabilities of engineers to use the waste heat to pre-heat air for dryers and to reduce energy consumption.

The IBM Havant plant has not advanced this far. But at least it uses all the methane gas generated by a nearby sewage treatment plant to keep its workers warm.

PK

Washing away those chemical troubles

Explore the power of Nikkei



Nikkei of Japan is one of the world's leading financial publishing companies. Providing clients with a global financial overview that gives facts and figures, incisive comment and detailed analysis.

Operating in three distinct fields, Publishing, Broadcasting and On-Line Data Information, Nikkei has the power to provide business people with advertising in a powerful medium, subscription to a powerful voice and access to an information database, a powerful tool. In fact the business information that is vital to making informed business decisions.

Nikkei's enormous news gathering resources have been firmly focused on providing Europe with a comprehensive business intelligence information service that quite simply is without equal.

Discover for yourself how the power of Nikkei can give your business the information to make intelligent decisions.

NIKKEI

Discover the power.

Nihon Keizai Shimbun

Europe Both House, North West Wing, Aldwych, London WC2B 4JF Tel: 01-379 4934 Fax: 01-379 4978 Telex: 918533 NIKE G
Ketschhofweg 22, 6000 Frankfurt am Main 1, Germany Tel: 061-7221214 Fax: 061-7221209 Telex: 4189144 NIKE D
USA: New York: 1221 Avenue of the Americas, Suite 1802, New York, NY 10020, U.S.A., Telephone: (212) 512-3600, Fax: (212) 512-4559
Los Angeles: 725 South Figueroa Street, Suite 1515, Los Angeles, CA 90017, U.S.A., Telephone: (213) 955-7478, Fax: (213) 955-7479

COMMODITIES AND AGRICULTURE

Tim Dickson and Nancy Dunne take a sceptical look at the US stance in Gatt talks
EC reels from low blows in farm trade battle

IF THE Uruguayan Round were a boxing match the referee would surely have stopped the fight.

Driven on by heady free trade ideology, the US's two top heavyweights in the Geneva negotiations, Mr Clayton Yeutter and Ms Carla Hills, have let fly with such a volley of propaganda punches in the last few months that the European Community has been left reeling on the ropes.

Mr Ray MacSharry and Mr Frank Andriessen – the Brussels duo constantly squabbling between themselves over who should enter the ring – are now forced to defend a position that seems timid and protectionist and is highly unpopular with all but a small but vociferous interest group.

However, as fears mount that the four-year process of international trade reform could end in failure, the US side must face up to the charge of fighting dirty.

Weakling in extraordinary exercise in self-publicity has certainly had a disproportionate effect on opinion formers, but to some extent the lack of a clear EC strategy is to blame for this. More seriously, the American team's stream of free trade rhetoric has put up a smoke-screen around some of the less high-minded motives for its attack on Brussels poli-



The EC's Ray MacSharry (left) is on the ropes, but Clayton



Yeutter, for the US, faces charges of dirty fighting

cy, brushed aside important domestic differences and glossed over some significant difficulties that would be bound to result from a farm trade free-for-all.

For example, an important inspiration for the American stance in the Uruguay Round has been the determination of the powerful US grain lobby to regain lucrative world markets lost to the EC in the early and mid-1980s. The EC's dumping of its surpluses was certainly damaging and unfair but the Americans made their own contribution to that glut by operating a subsidy system (admittedly now refined) that

effectively protected its own farmers from low world market prices.

Meanwhile, those who disagree with the new conventional wisdom in Washington are variously dismissed as "fringe groups" and "dissenters" – labels that give the impression that their views are marginal and do not count.

In fact, US interest groups anxious about the potential impact of a Uruguay Round deal on something close to Mr Yeutter's terms are numerous. They include producers of sugar, meat, dairy products,

peanuts and mohair, who are all protected through quotas. The National Farmers Organisation, the American Agriculture Movement and Family Farmer organisations are all against the US Gatt stance, a fact that is often forgotten and the dimly perceived US agriculture and the conservation US Farm Bureau (which claims more members than there are farmers, largely because it awards membership to everyone who buys its insurance).

At least the EC – for all its inadequacies – has tried to spell out the impact on different producer groups of its overall proposal for a 30 per cent cut in support. No such exercise appears to have been carried out in Washington – perhaps because its results might have contradicted the simple message of the US negotiators that a successful Uruguay Round deal would leave everyone better off.

That simply cannot be true for, say, American dairy farmers, who would be highly vulnerable both on price and quality to imported European cheeses after US border protection and EC export subsidies had been swept away.

Two other issues deserve serious attention. One is the impact of free market economics on the environment – a

point that has been taken up actively by US conservation groups and is at least acknowledged, if not seriously thought through, in discussion of farm policy reform in Brussels.

The other issue is Washington's apparent faith in the ability of new directives that amount to a reprieve for the ancient British tradition of hanging game.

The original measure on rab-

bit meat and farmed game was

reported to have caused con-

cernation in the English

shires and on Scottish estates

because of a draft clause speci-

ally outlawing the sale of

uncastrated rabbits and birds

another day.

There are indeed powerful interests lined up against any reallocation of support – but there is a large school of thought on both sides of the Atlantic that believes all subsidies keep "uncompetitive" farmers in business to grow another day.

Simple messages may seem easy to sell – but it is not just the substance of the US approach that has failed to impress in Brussels.

The hectoring tactics of the American side have infuriated European politicians in the last few weeks and may yet rebound. With the approach of the single market and the ending of the Cold War, the EC is becoming more than a loose 12-nation trading bloc that can be knocked around with impunity.

Brussels bows to pro-hanging lobby for rabbits and game

By Tim Dickson in Brussels

PEERS OF the realm might well have been raising their glasses in a toast to the European Commission last night following the adoption of new directives that amount to a reprieve for the ancient British tradition of hanging game.

The original measure on rabbit meat and farmed game was reported to have caused concern in the English shires and on Scottish estates because of a draft clause specifically outlawing the sale of uncastrated rabbits and birds.

A distinctly blue-blooded lobbying campaign is understood to have been mounted to fight off what was seen as the latest European threat to a treasured British tradition. The hapless veterinarian who drew up the Commission proposal was bombarded with angry

telephone calls drawing his attention to the merits of hanging game animals, innards and all.

In the end, however, all has ended well and British arguments pointing to the microbiological and textural merits of keeping the innards in after slaughter have carried the day.

Yesterday's agreement only covers farmed as opposed to wild game, but, as one UK farm representative pointed out, the victory establishes an important precedent for other battles ahead, notably concerning Britain's special breed of Traditional Farm Fresh (TFF) or New York Dressed turkeys.

Directives were also passed yesterday on a system for fixing pesticide levels and on the disposal and processing of animal wastes. Despite objections from the Commission the

Council agreed a derogation allowing knackers' yards in Britain and Ireland to continue until 1995.

Mr David Curry, Britain's junior farm minister, said that the British negotiators had done their best in the face of hostility from most other member states. And he insisted that a review that is now to be carried out could yet provide this national institution with a reprieve.

Meanwhile, Mr Ray MacSharry, the EC's Agriculture Commissioner, said that he would be asking his commissioner colleagues to extend the current EC standstill on the milk boosting hormone bovine somatotropin (BST) until next August at least.

A group of EC veterinary experts meeting separately in Brussels yesterday put off giving an opinion on two BST products.

Tapioca price rises sharply

By Ronald van de Krol in Amsterdam

A TEMPORARY shortage of

Thail tapioca has sent prices

sharply higher on the European

spot market in Rotterdam

last until the end of December,

and also to buoyant demand

caused by a shortfall in European

grain harvests, particularly maize, this summer. Tapioca

is sometimes used as a raw

material substitute for maize.

A new four-year Thailand-EC

export agreement on tapioca

ships is due to take effect on January 1. Thailand normally borrows up to 750,000

tonnes from the new quota to

ship at the end of the year, but

the Thai borrowings have been

lighter than expected, creating shortages for the European feed industry.

"People who can't wait until the New Year or who aren't geared up to substitute another grain for tapioca are prepared to pay exorbitant prices to bridge this period," one trader said.

Traders said that although tapioca prices would probably fall back after January, the underlying trend would remain firm in the early part of 1991.

Bird society calls for greener farming

By David Blackwell

THE EC Common Agricultural

Policy should be reformed in

order to reward farmers for

looking after the environment,

according to a report from the

Royal Society for the Protection

of Birds, Europe's largest

voluntary wildlife conservation

organisation.

The RSPB is launching Agri-

culture and the Environment:

Prices from Metal Bulletin (last

week's in brackets).

ANTIMONY: European free

market, min. 99.9 per cent, \$ per

tonne, in warehouse, \$12.60

(12.20).

MERCURY: European free

market, min. 99.9 per cent, \$ per

tonne, in warehouse, \$12.60

(12.20).

BISMUTH: European free

market, min. 99.9 per cent, \$ per

tonne, in warehouse, \$12.60

(12.20).

MOLEYBDENUM: European free

market, min. 99.9 per cent, \$ per

tonne, in warehouse, \$12.60

(12.20).

SELENIUM: European free

market, min. 99.9 per cent, \$ per

tonne, in warehouse, \$12.60

(12.20).

CADMIUM: European free

market, min. 99.9 per cent, \$ per

tonne, in warehouse, \$12.60

(12.20).

TUNGSTEN ORE: European free

market, standard min. 65

per cent, \$ per tonne, unit (10

tonnes)

in warehouse, 12.20-12.60 (12.20-12.75).

HEATING OIL: 42,000 US gallons, cents/US gallon

Latest

Previous

High/Low

Dec 9185 9238 9400 9125

Jan 9185 9238 9350 9075

Feb 9185 9238 9000 8815

Mar 9185 9238 8900 8625

Apr 9185 9238 8700 8560

May 9185 9238 8500 8360

Jun 9185 9238 8300 8125

Jul 9185 9238 8100 7925

Aug 9185 9238 7900 7700

Sep 9185 9238 7700 7500

Oct 9185 9238 7500 7300

Nov 9185 9238 7300 7100

Dec 9185 9238 7100 6900

Jan 9185 9238 6900 6700

Feb 9185 9238 6700 6500

Mar 9185 9238 6500 6300

Apr 9185 9238 6300 6100

May 9185 9238 6100 5900

Jun 9185 9238 5900 5700

Jul 9185 9238 5700 5500

Aug 9185 9238 5500 5300

Sep 9185 9238 5300 5100

Oct 9185 9238 5100 4900

Nov 9185 9238 4900 4700

Dec 9185 9238 4700 4500

Jan 9185 9238 4500 4300

Feb 9185 9238 4300 4100

Mar 9185 9238 4100 3900

Apr 9185 9238 3900 3700

May 9185 9238 3700 3500

Jun 9185 9238 3500 3300

Jul 9185 9238 3300 3100

Aug 918

RECOUP D'ETAT.

WHEN YOUR EXPORTS NEED PROTECTION AGAINST COUNTRY RISK,
DOESN'T IT MAKE SENSE TO USE THE MOST EXPERIENCED EXPORT INSURANCE SERVICE?

ECCD

INSURANCE SERVICES

ECCD INSURANCE SERVICES, CROWN BUILDING, CATHAYS PARK, CARDIFF CF1 3RH. TELEPHONE: 0222 824824.

EPPING FOREST, EAST London area. Close
to M25, 15 minutes. 30 minutes
to City. 10 mins. to West End. Forest
Borough 981 520 3012.

Well presented 3rd floor flat with garage. 2
beds, kitchen, 3 beds, 2 baths. Let for
£67 mth. Park Lane Estates 071 629
0793.

To have a 3 bed room
designed and constructed by Master
Builder, with harbour views from 1st floor,
for around £200,000. Tel. 0208 702028

UT-00150

LONDON STOCK EXCHANGE

Slow session before Conservative vote

LONDON SHARES were left bemused yesterday as the stock market awaited news on its two areas of current uncertainty - the Gulf and the election of a new leader for Britain's ruling Conservative party. With no developments on either front reported during equity market trading hours, dealers were left to focus on the day's list of corporate news.

Underlying sentiment remained firm, however, and was supported by a steady performance by sterling and an easing in prices for Brent North Sea crude oil. A nervous opening to the new session on Wall Street, down 1.49 Dow points in London trading hours as a US insurance group firmly rejected rumours of a bankruptcy filing, held the UK market back at the close.

Analysts downgrade Allied

ALLIED-LYONS was the second worst performer among FT-SE 100 stocks yesterday as analysts downgraded the company after the release of interim figures. The 10 per cent rise in profits to £285m was at the low end of expectations and made worse by a higher than forecast contribution from the non-core property side. The stock lost 15 to 45p in good volume of 4m shares.

Mr Graeme East at County NatWest WoodMac said the tax charge payable by the company in the year ending early 1992 would be 34 per cent, rather than 32 per cent. County cut its earnings per share estimate for that year from 56.1p to 52.7p, fully diluted.

Mr John Spicer at Kleinwort Benson reduced his earnings per share forecast from 54.3p to 52.5p. "We already had a 33 per cent tax charge pencilled in for that year," he said. BZW changed its recommendation from a buy to a hold.

Mr Eddie added that demand for the company's shares in the stock market was likely to be held back in the new year. He expects Canadian property company Olympia & York to exercise its conversion rights over 80m convertible shares, almost 9 per cent of the company.

BAE recovers

British Aerospace brushed aside news that Rover plans to cut jobs at its Swindon and Cowley plants and gained 11 to 53p in moderate volume. The rise in BAE's shares follows a setback on Monday stemming from speculation that Saudi Arabia might cancel an order for further Tornado F3 fighters and reports that Germany could pull out of the European Fighter Aircraft project.

Analysts said the market has come round to the view that Monday's drop in BAEs may have been excessive, considering that the stories which triggered the fall were not particularly new. Mr John Lawson at Nomura Securities commented: "It has been down and people were ready to hear more positive news."

BAE's recovery was also helped by a recommendation from UBS Phillips & Drew. Mr Paul Compton at UBS said that, with tensions rising in the Gulf, it was "very wrong" to have BAE at a depressed level.

Account Dealing Dates		
First Dealing	Nov 19	Dec 10
Options Dealing	Dec 6	Dec 27
Last Dealing	Dec 7	Dec 28
Access Days	Dec 17	Jan 7
Next-day dealings may take place from 10 days to two months after market close.	Jan 21	

These date changes may take place from 10 days to two months after market close.

Equities opened firmly but then ran into renewed profit-taking which took the FT-SE Index briefly into negative territory. The Footsie 2,150 area once again proved to be a rallying level and a squeeze on marketmakers' positions sent the market ahead to a net gain of more than 14 points at midday.

Sentiment was helped by reports from the political scene that Mr John Major, currently the UK chancellor of the exchequer and the City of London's

favoured candidate in the Conservative party leadership contest, appeared to be gaining support among Conservative members of parliament as the next prime minister.

The stock market is convinced that Conservative election prospects will benefit under the new prime minister. Mr Major, who has already delivered on his promise to deregulate trading hours, there was little to provide the UK market with a lead.

Nervousness over the near term outlook for the Gulf situation moderated following reports that the United Nations Security Council may delay until January 15 a proposed deadline for Iraqi withdrawal from Kuwait. However, the danger of an outbreak of hostil-

ities in the Gulf remains a significant restraining factor for the UK equity market.

There was little substance behind the early gains in share prices yesterday and the pace slackened as London waited for further stimulus. With the outcome of the Conservative election not due until after equity trading hours, there was little to provide the UK market with a lead.

Share prices drifted off as the New York market opened lower and the gain on the Footsie was cut to only 6 points at one time. A steadier trend in the final minutes left the FT-SE Index with a final reading of 2,159.5 for a gain of 7.6.

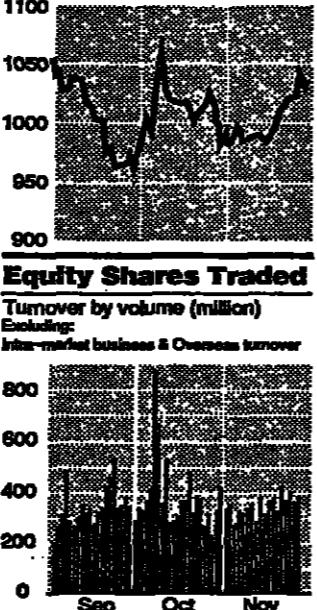
Among companies reporting yesterday, Allied-Lyons had a tumble after the market took the view that a 10 per cent rise

in first-half profits was not good enough. Reuters, the global electronic data information group, made little response to the announcement that News Corporation had sold 11.8m shares.

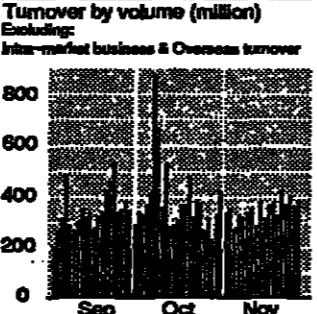
Rosehanch, the property group involved in major developments in the City of London, slipped lower after disclosing a loss for the year significantly higher than market expectations. Brent Walker, the troubled leisure group, moved erratically before closing lower on the session.

The return to disappointing levels of business on the stock market was underlined by yesterday's Seag volume of only 378.6m shares, compared with 345.7m on Monday. Hints of financial tensions among London securities firms resurfaced yesterday.

FT-SE All-Share Index



Equity Shares Traded



Electricals were mixed with Thorn EMI remaining under pressure and shedding 10 to 63p. British Telecom put in an uninspiring performance, slipping 4 to 26p. Some investors were seen to be following brokers' advice and switching out of BT into Cable and Wireless, which advanced 12 to 432p, although volume was thin.

BT has run up very quickly with "privatisation fever", said Mr Chris McFadden at Smith New Court, while C and W has underperformed the market. He argued that C and W looks attractive from the viewpoint of fundamentals.

Acorn Computers, up 5 at 22p, continued to build on gains made on talk that it will form a joint venture company with Apple Computers to develop reduced instruction set computer technology. Acorn confirmed the news on Monday and the new company was formed yesterday.

Rolls-Royce was supported by bargain hunting and edged up 2 to 15p. Strong interim results and bright prospects for the future lifted Vosper Thornycroft. Pre-tax profits for the full year were up to £6.1m from £5.3m and the interim dividend has been raised to 3.5p from 3.25p.

Orders for minibus vessels have been on the upturn and Vosper has 240m to 250m worth of work outstanding, according to UBS. "It is a very stable company with a very stable management", and a unique product which provides the foundation for continued growth in the range of 10 to 15 per cent per annum for the foreseeable future, UBS commented. Vosper closed with a gain of 9 at 216p.

The bearish sentiment surrounding Wardle Stores, the survival equipment company, since the annual results a few weeks ago continued to harm the shares. They fell 9 to 23p on market talk of yet another downgrading, although traders were unable to name the investment house involved.

Conversely, Amersham International enjoyed a further rise on the benefits arising from the recent disposal of its diagnostic division to US group Eastman Kodak. Amersham shares have climbed since the news was announced two weeks ago from 249p to 252p yesterday, 4 higher on the day.

Rosehanch, the property development concern, reported a much worse than expected annual loss of £125m, against a profit in the previous year of £60m. There is no final dividend payment. The sharp deterioration was due in the main to a £137m provision against property development projects. The company stressed

that it is now concentrating on completing, letting and disposing of its trading stock. The shares fell 7 to 101p.

Frogmore Estates announced that it had not received any offers for its issued share capital, and after touching a high of 334p, the shares finished just a net 2 up at 320p. The statement followed recent suggestions in the market that Markthaus Securities had received an offer for its 27 per cent holding in Frogmore. Markthaus closed 3 at 41p.

A 28 per cent profits improvement at the interim stage from Argyll failed to inspire investors. The shares ended unchanged at 242p. Mr Philip Dorgan at Goldman Sachs said any benefit from the figures was counterbalanced by the company's statement that it would have to rely more on organic growth in the future. The period of conversions of Presto stores to Gateshead was ended.

Other food retailers lost ground against the market trend. J Sainsbury shed 3 to 22p, Tesco gave up 4 to 27p and Asda eased a penny to 16p. Traders suggested that the sector, which had been bought on defensive grounds through most of the year, was now being bypassed in favour of the higher risk stores sector.

Interims from Northern Foods showed profits up 18 per cent to 274m. Mr Michael Lenddymore at Henderson Crosthwaite said trading was good, especially in high margin biscuits and fresh food. The design consultancy business. The shares opened at 70p, compared with the pre-issuption price of 31p, and dropped to only 2p before steady at 41p.

Dismal half-yearly figures, with profits down 56 per cent and a warning of a continuing trend, lowered Sopwiths 22 to 30p. But excellent annual results and a positive statement raised Apollo Metals 5 to 130p. The Apollo chairman said prospects look promising, with order books remaining strong.

International Business Communications made a weak return from suspension after

announcing the disposal of its

FINANCIAL TIMES STOCK INDICES

	Nov 27	Nov 26	Nov 23	Nov 22	Nov 21	Year Ago	1990	1990	Since Comptn
	1990	1990	1990	1990	1990	1990	1990	1990	High
Government Secs	82.43	82.51	81.88	81.79	81.30	83.60	84.20	74.13	127.4
Fixed Interest	88.46	88.26	88.09	88.78	88.46	92.52	92.91	83.80	106.4
Ordinary Share	1699.7	1698.6	1712.2	1672.2	1676.0	1768.3	1665.3	1510.4	2008.6
Gold Mines	157.6	158.7	153.3	156.0	156.2	290.7	378.1	155.0	235.5
FT-SE 100 Share	2159.5	2151.9	2170.5	2127.9	2126.3	2242.0	2483.7	1990.2	2463.7
FT-SE Eurotrack 100	946.31	930.4	972.78	972.49	972.47	-	1000.00	948.31	1000.00
FT-SE 1000 Share	172.3	170.5	170.5	170.5	170.5	-	227.11	126.00	227.11
Ord. Div. Yield	5.65	5.65	5.63	5.77	5.76	4.82	4.82	4.71	49.18
Turnover % (1990)	11.89	11.89	12.00	12.00	12.00	11.88	11.88	11.88	11.88
SEAC Turnover (1990)	638.26	638.26	627.45	607.79	613.79	1137.60	1137.60	1137.60	1137.60
Shares Traded (m)	358.5	358.5	365.4	402.5	378.1	392.6	-	-	-
Ordinary Share Index, Hourly changes	1702.3	1704.5	1702.1	1702.5	1703.5	1705.8	1705.8	1704.5	1704.5
Day's High 1705.8									
Day's Low 1694.6									
FT-SE 100, hourly changes	Open 1702.3	9 am 1704.5	10 am 1702.1	11 am 1702.5	12 pm 1703.5	1 pm 1705.8	2 pm 1704.5	3 pm 1705.8	4 pm 1704.5
FT-SE Eurotrack 100, hourly changes	Open 950.30	9 am 950.36	10 am 950.18	11 am 949.57	12 pm 948.25	1 pm 948.75	2 pm 948.75	3 pm 948.91	4 pm 948.91

GILT EGED ACTIVITY	
Indices*	Nov 26 Nov 23
Gilt Edge Bargains	172.2 174.0
5 - Day average	174.9 153.0
**SE Activity 1974.	
**Excluding Intra-market business & Overseas turnover.	
London report and latest Share index: Tel. 0898 123001	

Based on trading volume for most Apple securities dealt through the SEAC system yesterday until 4.00pm.

TRADING VOLUME IN MAJOR STOCKS									
Values Closing Day's									
Values Closing Day's									
Values Closing Day's									
Values Closing Day's									

LONDON SHARE SERVICE

BANKS, HP & LEASING

BUILDING. TIMBER. ROADS

ELECTRICALS – Contd

ENGINEERING – Contd

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.) - Contd.

- Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2129

FT MANAGED FUNDS SERVICE

- Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

114

FT MANAGED FUNDS SERVICE

Std. Price	Offer Price	+ or -	Yield	Std. Price	Offer Price	+ or -	Yield	Std. Price	Offer Price	+ or -	Yield	Std. Price	Offer Price	+ or -	Yield	Std. Price	Offer Price	+ or -	Yield	Std. Price	Offer Price	+ or -	Yield	
National Provident Institution																								
40 Grosvenor St, London W1 1AA	322.3	322.3	0.0	071-822-4200																				
Managed	100.3	100.3	0.0																					
UK Equity	207.3	207.3	0.0																					
Overseas Eq.	207.3	207.3	0.0																					
Property	193.1	193.1	0.0																					
Invest. in Govt.	100.1	100.1	0.0																					
Depend. Fund	177.9	177.9	0.0																					
Managed Fund	177.9	177.9	0.0																					
UK Equity Fund	177.9	177.9	0.0																					
Overseas Eq.	177.9	177.9	0.0																					
For Cdt.	177.9	177.9	0.0																					
Property Fund	177.9	177.9	0.0																					
Invest. in Govt.	177.9	177.9	0.0																					
UK High Income Fund	177.9	177.9	0.0																					
UK Equity Fund	177.9	177.9	0.0																					
Overseas Eq.	177.9	177.9	0.0																					
Property Fund	177.9	177.9	0.0																					
Invest. in Govt.	177.9	177.9	0.0																					
UK High Income Fund	177.9	177.9	0.0																					
UK Equity Fund	177.9	177.9	0.0																					
Overseas Eq.	177.9	177.9	0.0																					
Property Fund	177.9	177.9	0.0																					
Invest. in Govt.	177.9	177.9	0.0																					
UK Equity Fund	177.9	177.9	0.0																					
Overseas Eq.	177.9	177.9	0.0																					
Property Fund	177.9	177.9	0.0																					
Invest. in Govt.	177.9	177.9	0.0																					
UK High Income Fund	177.9	177.9	0.0																					
UK Equity Fund	177.9	177.9	0.0																					
Overseas Eq.	177.9	177.9	0.0																					
Property Fund	177.9	177.9	0.0																					
Invest. in Govt.	177.9	177.9	0.0																					
UK High Income Fund	177.9	177.9	0.0																					
UK Equity Fund	177.9	177.9	0.0																					
Overseas Eq.	177.9	177.9	0.0																					
Property Fund	177.9	177.9	0.0																					
Invest. in Govt.	177.9	177.9	0.0																					
UK High Income Fund	177.9	177.9	0.0																					
UK Equity Fund	177.9	177.9	0.0																					
Overseas Eq.	177.9	177.9	0.0																					
Property Fund	177.9	177.9	0.0																					
Invest. in Govt.	177.9	177.9	0.0																					
UK High Income Fund	177.9	177.9	0.0																					
UK Equity Fund	177.9	177.9	0.0																					
Overseas Eq.	177.9	177.9	0.0																					
Property Fund	177.9	177.9	0.0																					
Invest. in Govt.	177.9	177.9	0.0																					
UK High Income Fund	177.9	177.9	0.0																					
UK Equity Fund	177.9	177.9	0.0																					
Overseas Eq.	177.9	177.9	0.0																					
Property Fund	177.9	177.9	0.0																					
Invest. in Govt.	177.9	177.9	0.0																					
UK High Income Fund	177.9	177.9	0.0																					
UK Equity Fund	177.9	177.9	0.0																					
Overseas Eq.	177.9	177.9	0.0																					
Property Fund	177.9	177.9	0.0																					

FT MANAGED FUNDS SERVICE

• Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

FOREIGN EXCHANGES

Dollar falls on economic fears

THE DOLLAR fell yesterday on growing worries that the US economy might already be in recession. It was not helped by speculative reports that a US insurance company was in difficulty. Sterling was little changed as dealers awaited the result of the Conservative party leadership contest, while the yen was weak in reaction to oil prices.

The pressure on the US unit began in London following reports that the Soviet Bank for Foreign Economic Affairs had sold around \$200m for D-Marks. But there were also some technical factors connected with the decline: chart analysts said that the dollar had hit an important resistance point at DM1.4900.

Towards the European close, the dollar began to fall quickly as speculation moved round the market that the Equitable Life Assurance Society of the US was planning to file for Chapter 11 bankruptcy protection. This was quickly and strongly denied by the company, but the dollar remained depressed.

Reports that the US economy is slowing down kept the dollar weak. The National Association of Business Economists said the economy is already in a recession. Further signs of a slowdown came from the Con-

ference Board's consumer confidence index, which is close to the low point struck during the trough of the 1982 recession.

The dollar closed lower at

DM1.4800 from DM1.4920; at SF71.2580 from SF71.2670; at Y123.75; and at FF74.9250 from FF75.0300. The Bank of England's dollar index was down 0.3 at 60.0.

Sterling was more subdued as dealers waited for the outcome of the Conservative party leadership ballot. The fall in the dollar boosted the pound against the US unit but depressed it slightly against the D-Mark.

The resolution of the leadership contest is expected to give sterling a boost, many analysts said. There have already been signs that some European investors have moved back into sterling. The prospect of a conflict in the new year weighed on sentiment. The D-Mark rose 60 points to Y86.90.

The yen was lower as crude oil prices held on to most of the gains of the previous session. Tension in the Gulf and the possibility of military conflict in the new year weighed on sentiment. The D-Mark rose 60 points to Y86.90.

Estimated volume total, Cabs 416 Pts 165 Previous day's open int. Cabs 204 Pts 165

Estimated volume total, Cabs 401 Pts 377 Previous day's open int. Cabs 1583 Pts 2606

Estimated volume total, Cabs 401 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

Estimated volume total, Cabs 0 Pts 0 Previous day's open int. Cabs 2773 Pts 2361

4pm prices November 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

FOREST EAST London, artes
amor., prestige locations 30 m
Ginny Wharf, West End
av 081-630 3012

1986-87 973 Park Lane Estates 0.1 bed
0753

卷之三

Builder, with harbour views from 1st floor
for around £200,000. Tel: 0202 733026

- 10 -

NYSE COMPOSITE PRICES

12 Month P/I 515
High Low Stock Div. Yld.E. 1000 High Low
Continued from previous Page

NASDAQ NATIONAL MARKET

3pm prices November 27

AMEX COMPOSITE PRICES

4pm price
November

**Hand-
Delivery
now
available in
MOSCOW**

For subscription details
or more information
contact
Andrew Taylor
in Frankfurt

**Phone 49 - 69 - 759811
Fax 49 - 69 - 722677**

Fax 49-89-722577

AMERICA

Equities modestly higher after subdued trading

Wall Street

A SUBDUED day's trading ended with share prices modestly higher yesterday as dealers and investors looked for, and failed to find, a lead from political or economic news, writes Patrick Harwood in New York.

At the close the Dow Jones Industrial Average was up 10.64 to 2,343.81 after New York SE turnover of 147.6m shares. Advancing issues outpaced falls by 948 to 569. The Standard & Poor's 500 put on 1.60 to 318.11, while the American SE composite rebounded from an early loss to finish a net 1.08 ahead at 297.00.

The main economic data of the day - which showed that consumer confidence fell further in November and the merchandise trade deficit widened to \$29.7bn in the third quarter - were in line with expectations and had little effect on the market. The absence of any sizeable movements in crude oil prices also left trading without direction. January crude finished down nine cents at \$32.86 a barrel.

Among individual issues, MCA was again the most heavily traded. Strong pressure

on the demand side pushed the share price up 5% to \$35.4% on turnover of almost 2m. On Monday Matsushita, the Japanese electronics group, revealed that it would pay \$6.1bn in cash for MCA, which owns the Universal Pictures film studio in Hollywood.

Waste Management was also high on the list of most active issues after one of the group's units won a 17-year contract to construct and run a chemical waste facility for the government of Hong Kong. After initially moving up, investors took profits as the buying petered out, leaving Waste Management down 5% on the day at \$31.4% from an early loss to finish a net 1.08 ahead at 297.00.

The main economic data of the day - which showed that consumer confidence fell further in November and the merchandise trade deficit widened to \$29.7bn in the third quarter - were in line with expectations and had little effect on the market. The absence of any sizeable movements in crude oil prices also left trading without direction. January crude finished down nine cents at \$32.86 a barrel.

Elsewhere in the technology sector, Dell Computer moved ahead after the company reported a rise in third quarter

revenues from \$9.5m in 1989 to \$13.7m. Then profit-taking took hold and the shares closed off 5% on balance at \$13 after heavy trading.

American Stores put in an impressive performance, rising 52% to \$48 in the wake of an improvement in third quarter profits.

Furta, the rubber and plastics manufacturer which is due to release third quarter results today, saw its shares lose 5% to \$10.4% after an analyst moved the stock off its buy recommendation list and reduced his earnings estimate for 1991 and 1992.

Canada

TORONTO spent another quiet session, moving within a narrow range before closing with a small gain. The composite index was finally up 4.4 at 3,120.64 as advanced declines by 289 to 230. Volume amounted to 19.1m shares, against Monday's 18.0m.

Gold advanced for the third consecutive day, registering a 1.31 per cent index gain in spite of a slight easing in the world bullion price. Overall, 10 of the 14 groups ended higher, including banks, real estate and construction.

ASIA PACIFIC

Nikkei declines on rising crude price and weak yen

Tokyo

STOCKS drifted yesterday affected by rising crude oil prices and a weaker yen. Once again the market was led by futures, which responded to reports of the possible approval by the UN Security Council of the use of force against Iraq, writes Emano Terasawa in Tokyo.

The Nikkei average opened at the day's high of 23,737.14, and closed 139.35 down at 23,623.51 after reaching a low of 23,533.44. Volume remained very thin with 250m shares changing hands, dealers refraining from large-scale trades on the last trading day of November contracts.

Falls outnumbered rises by 641 to 314, with 170 issues unchanged. The Topix index of all first section stocks declined 12.78 to 1,734.30, and in London, the ISE Nikkei 50 index shed 4.41 to 1,303.02.

Expiring margin contracts on business traded in May and June continued to haunt the market. About 2.5bn shares, mainly large-capital steels and shipbuilders, traded on margin are expected to expire on Friday. Nippon Steel, the most traded stock on Monday, was again the leading active and last Y3 to Y396. Mitsui Shipbuilding eased Y4 to Y48.

Fears of an imminent war in the Gulf depressed Chiyoda Corp, an engineering company with contracts to build industrial plants in the region. The issue fell Y50 to Y1,600 as the prolonged situation in the Gulf was expected to depress the company's earnings prospects.

Rising oil prices caused Tokyo Electric Power to fall Y100 to Y2,250. The stock was also depressed by a decline in first-half earnings.

Pioneer Electronic continued to surge, gaining Y170 to Y3,850 after Y350 rise on Monday. The issue became a constituent of the Nikkei average on Monday, replacing Mitsubishi Mining & Cement.

While some participants see the inclusion in the index as a buying incentive, others believe that its upturn is limited.

Mr Ian Markley at Barlays said that the buying was overdone. "There is no justification for Pioneer surging just on the inclusion," he said.

Investors responded favourably to the terms of Matsushita's acquisition of the US film studio, MCA, announced on Monday night. Matsushita rose Y20 to Y1,840 in an otherwise weak electricals sector.

Many speculative issues fell on the news that Mr Mitsuhiro Kotani, leader of the Koshin stock speculator group, had admitted in court that he had manipulated the share price of Fujita Tourist. Honshu Paper lost Y100 to Y2,120. Iseki Y50 to Y900 and Fukusuke Y290 to Y2,790.

Most retailers were weak on fears of slackening personal consumption, indicated by sluggish October department store sales. Mitsukoshi, a leading department store, slipped Y10 to Y1,230. On the other hand, Marui gained for the third consecutive trading day. While warm weather is stunting sales of winter clothing, the issue's low price and stable income from credit card sales has been attracting investors.

In Osaka, high-technology and large-capital issues lost ground. The OSE average shed 74.99 to 26,577.01 on volume of 42.3m shares, against 42.2m.

Roundup

MANY Pacific Rim markets fell yesterday, weighed down by disappointing company news and fears of war in the Gulf.

AUSTRALIA declined for the fourth day in a row. The All Ordinaries index lost 5.1 to 1,350.3. Turnover fell to AS151m from AS163m. Coles Myer, the country's biggest retailer, eased 3 cents to AS6.28 after its chairman told the annual meeting that operating conditions would remain difficult.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY NOVEMBER 27 1990					MONDAY NOVEMBER 26 1990					DOLLAR INDEX						
	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)	
Australia (76)	123.69	+0.1	92.85	100.31	95.18	107.03	-0.3	7.28	123.63	93.25	100.61	95.80	107.39	158.31	116.98	144.45	
Austria (18)	197.27	-0.5	148.09	150.98	151.79	152.04	-0.9	1.80	136.85	102.23	161.31	153.75	133.49	285.63	178.57	147.51	
Belgium (61)	137.53	+0.5	103.24	111.53	105.62	103.61	-0.5	5.58	102.03	117.37	101.93	107.02	126.02	127.67	147.26		
Canada (120)	125.02	-0.1	93.85	101.38	95.19	105.33	-0.2	3.81	122.03	94.23	102.03	101.54	101.54	140.00	122.00	114.00	
Denmark (33)	245.74	+0.3	184.48	190.37	189.37	189.37	-0.1	2.23	220.03	184.83	199.22	180.06	190.37	277.62	224.08	222.00	
Finland (22)	136.55	+0.5	104.04	112.56	104.04	104.04	+0.5	7.19	103.52	78.09	84.25	80.30	77.53	152.29	86.91	120.14	
France (122)	139.32	+0.8	104.59	112.98	107.19	108.11	+0.0	3.81	138.22	104.23	112.48	107.20	109.06	168.85	124.98	133.33	
Germany (91)	116.93	-0.6	87.77	94.84	89.97	89.97	-1.4	2.58	117.64	88.74	95.75	91.25	91.25	144.63	101.38	103.20	
Hong Kong (48)	121.50	-0.2	91.51	98.86	93.80	121.93	-0.1	5.43	122.03	92.09	99.36	94.71	122.10	147.49	112.24	116.64	
Ireland (17)	153.82	+0.6	115.47	124.75	118.36	120.12	-0.1	4.35	121.45	111.45	120.34	118.57	109.57	139.04	162.57		
Italy (91)	76.41	-1.8	57.38	61.96	58.79	63.31	-0.8	0.81	129.88	97.97	105.71	100.76	106.71	197.20	145.59	122.00	
Japan (45)	129.32	-0.4	97.88	104.86	98.37	103.31	-0.8	0.81	129.88	97.97	105.71	100.76	106.71	197.20	145.59	122.00	
Korea (35)	191.82	-0.8	115.11	147.64	108.27	108.27	-0.6	4.30	193.01	145.59	157.08	149.71	159.41	250.89	182.88	204.23	
Mexico (32)	191.82	+0.7	246.89	495.95	437.36	428.36	+0.7	0.88	53.84	133.19	100.47	108.39	103.31	102.28	149.03	127.56	131.24
Netherlands (41)	134.71	+1.1	101.12	102.85	103.64	102.64	+0.4	5.58	120.51	175.15	165.94	169.86	178.78	202.34	175.29		
New Zealand (16)	49.36	-2.4	36.30	39.22	37.21	41.99	-2.3	8.00	49.57	37.39	40.34	38.45	42.97	75.36	47.90	74.87	
Norway (27)	217.38	+1.4	163.16	178.23	167.24	170.59	+0.4	2.01	208.03	171.55	177.65	170.94	172.00	205.24	147.24	163.95	
Singapore (25)	155.85	-0.1	117.00	128.40	118.92	121.93	-0.1	0.7	148.00	178.98	136.01	146.45	135.93	180.20	201.20	151.51	
South Africa (60)	172.27	-3.3	129.32	138.17	130.39	129.39	-0.2	0.33	122.03	122.03	120.93	120.93	120.93	182.25	154.54	171.81	
Spain (42)	145.59	+1.8	114.94	124.16	112.08	120.22	+0.3	5.35	144.11	108.70	117.29	111.78	111.78	124.49	234.93	153.11	
Sweden (68)	87.70	+0.7	65.84	71.13	67.49	66.45	+0.0	3.08	87.12	65.71	67.59	68.43	103.77	85.00	90.44		
United Kingdom (266)	170.63	+0.8	126.13	138.41	131.32	12											